

Document No: A411644

Report To: Audit and Risk Committee



Meeting Date: 29 October 2018

Subject: Declaration of Members' Conflicts of Interest

Purpose of Report

- 1.1 The purpose of this business paper is for elected members to –
- 1 Declare interests that may create a conflict with their role as an elected member relating to the business papers for this meeting, and
 - 2 Declare any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 29168.

Commentary

2.1 Conflicts of Interest

2.2 Every elected member has a number of professional and personal links to their community. They may own a business or be a member on a board or organisation. They may have a pecuniary (financial) interest or a non-pecuniary (non-financial) interest. These interests are a part of living in the community which they need to make decisions about in their role with Council.

2.3 Elected members are governed by the Local Authorities (Members' Interests) Act 1968 and are guided by the Auditor-General in how this Act is administered. In relation to pecuniary interests, the two underlying purposes of the Act are to:

- ensure members are not affected by personal motives when they participate in local authority matters; and
- in contracting situations, prevent members from using their position to obtain preferential treatment from the authority (the Council).

2.4 Non-pecuniary interests relate to whether an elected member could be in danger of having a real or perceived bias for an issue under consideration.

2.5 Elected members will also have interests that are considered no greater than the public at large. For example, most elected members will own a property and therefore be a ratepayer in the Waitomo District.

2.6 Conflicts of interest at times cannot be avoided, and can arise without anyone being at fault. They need not cause problems when they are promptly disclosed and well managed.

2.7 Declarations of Interest

2.8 At the beginning of each triennial council term, elected members are requested to disclose known interests on behalf of themselves and spouses or partners. It is

up to the elected member to judge whether they have any interests to declare. Some elected members may have none.

- 2.9 As well as this, elected members may decide that they have an interest in a particular issue or item to be discussed at a meeting. There is a standing item on every meeting agenda for elected members to declare conflicts of interest.
- 2.10 Members who have declared an interest in any matters that are due to be considered at a Council or Committee meeting should declare that they have an interest in the matter, leave the table and not take part in any discussion, debate or vote on that matter.
- 2.11 Attached to and forming part of this business paper is information to assist elected members in determining conflicts of interest.

Declarations

Mayor Hanna will invite elected members to give notice of any conflicts of interest relating to the business for this meeting.

In the event of a Declaration being made, the elected member must provide the following information relating to the Declaration:

Name:	
Item of Business on the Agenda:	
Reason for Declaration:	



MICHELLE HIGGIE
EXECUTIVE ASSISTANT

Local Authority (Members' Interests) Act 1968
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- 3.1 The Local Authority (Members' Interests) Act 1968 helps to protect the integrity of local authority decision-making by ensuring that Councillors are not affected by personal motives when they participate in Council decision-making and cannot use their position to obtain preferential access to contracts. This Act deals with two forms of "interest":
1. Pecuniary
 2. Non-pecuniary
- 3.2 **Pecuniary Interest**
- 3.3 The **two** specific rules in the Act are that members cannot:
1. Enter into contracts with their local authority worth more than \$25,000 (including GST) in a financial year unless the Auditor-General approves the contracts (referred to as the contracting rule). Breach of this rule results in automatic disqualification from office; and
 2. Participate in matters before the Council in which they have a pecuniary interest, other than an interest in common with the public (referred to as the participation rule). Breach of this rule is a criminal offence and conviction results in automatic disqualification from office
- 3.4 A pecuniary interest is one that involves money. This could be direct or indirect. It is sometimes difficult to decide whether an interest in a particular matter is pecuniary or some other kind. It is always the responsibility of elected members to make this decision, to declare any interest when appropriate and to ensure that as an elected member you comply with the Act's requirements at all times. The Act generally provides that no person shall be capable of being a member of Council if that person is concerned or interested in any contracts with the Council where the total payments made by the Council in respect of such contracts exceeds \$25,000 in any one financial year.
- 3.5 The Act also provides that an "interest" exists where a member's spouse is involved and/or where a member or their spouse is a major shareholder or have control or management of a company which contracts with Council or where the company has a pecuniary interest in the decision. It may also apply where your family trust has a contract with the Council.
- 3.6 The Act does provide that on application to it the Office of the Auditor General may give specific approval to a member being concerned or interested in a particular contract, in which case the provisions of the Act will not disqualify the Councillor from remaining in office. The approval needs be gained before the contract concerned is entered into.
- 3.7 The Act also requires that a member shall not vote or take part in the discussion of any matter in which he/she has any pecuniary interest, other than an interest in common with the public. This interest is required to be declared by the member and is noted in the minutes.
- 3.8 The Office of the Auditor General is the agency, which oversees this legislation and it also has the responsibility and power to institute proceedings against any member. The Act does not define pecuniary interest, however the Office of the Auditor-General uses the following test: "Whether, if the matter were dealt with in a particular way, discussing or voting on that matter could reasonably give rise to an expectation of a gain or loss of money for the member concerned."

3.9 In deciding whether you have a pecuniary interest you should consider the following factors: What is the nature of the decision being made? Do I have a financial interest in that decision – do I have a reasonable expectation of gain or loss of money as a result of making that decision? Is my financial interest one that is in common with the public? Do any of the exceptions in the Act apply to me? Could I apply to the Auditor-General for approval to participate?

3.10 Further guidance is provided in the booklet “Guidance for members of local authorities about the Local Authorities (Members’ Interests) Act 1968” which has been provided to 5 elected members. It is important that you pay particular attention to the contents of this booklet as this is one of the few areas of the Council’s business where staff do not set out to provide pro-active advice and members are personally liable for compliance with the provisions of this Act.

3.11 Non-Pecuniary Interest

3.12 Non-pecuniary interest is any interest the member may have in an issue that does not involve money. A common term for this is “bias” or pre-determination. Rules about bias operate not only to ensure that there is no actual bias, but also so there is no appearance or possibility of bias. The principle is that justice should not only be done, but it should be seen to be done. Bias may be exhibited where:-

- By their statements or conduct a member may indicate that they have predetermined the matter before hearing or considering all of the relevant information on it (including the Council’s debate); or
- The member has a close relationship with an individual or organisation affected by the matter.

3.13 Non-pecuniary interest is a difficult issue as it often involves matters of perception and degree. The question you need to consider, drawn from case law, is: “Is there, to a reasonable, fair-minded and informed observer, a real indication of bias on the part of a member of the decision making body, in the sense that they might unfairly regard with favour (or disfavour) the case of a party to the issue under consideration?” If there is, the member should declare their interest and withdraw from the debate and take no further part in the discussion of this item. The law about bias does not put you at risk of personal liability. Instead, the validity of the Council’s decision could be at risk. The need for public confidence in the decision-making process is paramount and perception can be an important factor. Again the booklet provided by Office of the Auditor General provides some excellent advice and information on this issue.

Waitomo District Council Procurement Policy – 23 February 2013

4.1 The following is an extract from the Procurement Policy:

2.1.11 Conflicts of Interest

WDC procurement process will be conducted with a spirit of probity demonstrating:

- *integrity;*
- *honesty;*
- *transparency;*
- *openness;*
- *independence;*
- *good faith; and*
- *service to the public.*

A conflict of interest occurs where:

A member's or official's duties or responsibilities to Council could be affected by some other interest or duty that the member or official may have.

The other interest or duty might exist because of:

- *holding another public office;*
- *being an employee, advisor, director, or partner of another business or organisation;*
- *pursuing a business opportunity;*
- *being a member of a club, society, or association;*
- *having a professional or legal obligation to someone else (such as being a trustee);*
- *owning a beneficial interest in a trust;*
- *owning or occupying a piece of land;*
- *owning shares or some other investment or asset;*
- *having received a gift, hospitality, or other benefit from someone;*⁹
- *owing a debt to someone;*
- *holding or expressing strong political or personal views that may indicate prejudice or predetermination for or against a person or issue ; or*
- *being a relative or close friend of someone who has one of these interests, or who could otherwise be personally affected by a decision of Council*

A relative or close friend includes:

- *For matters covered by the Local Authorities (Members' Interests) Act 1968, the interests of a spouse, civil union partner, or de facto partner must be considered.*
- *Generally, the interests of any relative who lives with the member or official (or where one is otherwise dependent on the other) must be treated as being effectively the same as an interest of the member or official.*
- *For other relatives, it will depend on the closeness of the relationship, but it will usually be wise not to participate if relatives are seriously affected*
- *Where Council's decision or activity affects an organisation that a relative or friend works for, it is legitimate to take into account the nature of their position or whether they would be personally affected by the decision.*

Examples of potential conflicts of interest include:

- *conducting business on behalf of Council with a relative's company;*
- *owning shares in (or working for) particular types of organisation that have dealings with (or that are in competition with) Council;*

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- *deliberating on a public consultation process where the member or official has made a personal submission (or from making submissions at all, in areas that directly relate to the entity's work);*
- *accepting gifts in connection with their official role; or*
- *influencing or participating in a decision to award grants or contracts where the member or official is connected to a person or organisation that submitted an application or tender.*

All elected members, WDC staff or advisers involved in a procurement process are required to declare any other interests or duties that may affect, or could be perceived to affect, their impartiality. WDC will then decide the steps necessary to manage the conflict, having regard to any relevant statutory requirements. WDC will maintain a register of declarations of conflicts of interest that records any conflicts of interest and how they will be managed.

An annual update of the register will be coordinated and maintained by the Executive Office.

Under no circumstances will a procurement process allow as an outcome of that process a circumstance where Council elected members, WDC staff or advisers to receive preferential treatment.

Before you participate in any Council decision ...

CONFLICTS OF INTEREST

Check you don't have a pecuniary interest and that there is no bias or predetermination.

1. Pecuniary Interest (Local Authorities (Members' Interests) Act 1968)

Could any of the proposals or decisions being considered by the Council lead to some sort of financial benefit or disadvantage for you or your partner/spouse or anyone financially dependent on you?

For instance, you will have a pecuniary interest where:

- You own or have shares in a café in a town and Council is considering whether to impose a ban on freedom camping in that town through a bylaw amendment, which would substantially reduce the number of customers to the café.
- You, your spouse, or family members are owners, directors or shareholders in a local business and Council is considering whether to improve the footpaths and roads that the business is situated on.
- Your partner works in a senior role for a construction firm that is bidding for a Council contract, and the Council is deciding on the preferred tender.
- You own a coastal residential property subject to erosion and the Council is considering whether to build a sea wall, which would protect you and your neighbours.
- You and your spouse own a farm and hold a resource consent to take water to support farming activities, and the Council is deciding whether or not to increase water monitoring charges, which could have the effect of increasing your annual fees as a consent holder by approximately \$200.

Yes

Is the financial benefit or disadvantage common to a large group of the public?

For instance:

- Your interest will be in common with the public if you are a ratepayer and the Council is proposing an increase in the uniform general charge or general rate.
- Your interest will not be in common with the public if the Council is proposing to impose a targeted rate on you and others who live in your street that will have the effect of increasing your rates by \$100.
- Your interest will be in common with the public if you own a residential property in town and the Council is considering major upgrades to the town's water supply.
- Your interest will not be in common with the public if you own the property immediately adjacent to a reserve, and the Council is considering whether to sell the reserve to a developer.

No

Potential or actual conflict – get advice or don't participate

No

2. Non-pecuniary interests - bias/predetermination

Is there something about you or someone close to you that could mean you might be perceived as not being impartial or as having a closed mind on the Council decision?

For instance, there may be bias or predetermination where:

- The Council is deciding whether to fluoridate the local water supply, and you are a member of the DHB and helped draft and present its submission to the Council strongly supporting fluoridation.
- Your brother holds a senior position in an engineering firm that is bidding for the contract to maintain the Council's wastewater pipes, and Council is deciding who to award the contract to.
- The Council is deciding whether to amend the rules in its regional plan about dairy effluent, and you are both a farmer and on the executive for the local Federated Farmers group, which has submitted on the proposed amendment.
- The Council is deciding whether or not to grant a resource consent that could have significant effects on the population of a native and endangered beetle. You are President of a local action group established to save the beetle.
- The Council is considering an amendment to its alcohol control bylaw that would introduce an alcohol ban along the main street of a local town, and your best friend owns the local pub in the town and has made a submission to the Council enthusiastically supporting the ban.
- The Council is deciding where to locate a new multi-sports stadium in the district, and you are a member of a local community board that recently took a proposal to Council seeking a new sports stadium in the community board area, and you took an active role in developing and presenting the proposal.
- A local business has sought an economic development grant from the Council, and the Council must decide whether to award the grant. The application was made by the business' general manager, who happens to be a neighbour with whom you have a very unhappy relationship (eg yelling matches, vandalism, complaints to the Police).
- Your sister-in-law is a property developer and is seeking a very advantageous agreement with the Council on development contributions for her latest subdivision, and the Council is deciding its negotiation parameters for the agreement.
- The Council has issued a request for tenders for its legal services and must decide who to appoint to its panel of legal providers, but in the meantime you have accepted repeated invitations to dinner, tickets for events, and a free Christmas ham, from one of the law firms that is tendering for the Council's work.
- A proposal to build a new dam has been controversial in the community for some time, and you have previously stated on your Facebook page that "The only way forward is to build the dam; there are no other options. I'll resign as a councillor if it doesn't go ahead". Following this, the Council used the special consultative procedure to hear submissions on the dam proposal and must now decide whether to proceed.
- The Council is considering the list of recipients for a Triennial Grant, one of the applicants is an organisation that you are a Chairperson or committee member.

Yes

Potential or actual conflict – get advice or don't participate

No

No conflict, okay to participate

Interests v conflicts

Sometimes you may have an *interest* that does not necessarily create a *conflict* of interest.

Even if there is no conflict, all interests must be declared (at the appropriate time during a relevant meeting and/or recorded in the Council's Interests Register).

Need advice?

Talk to:

- The Chief Executive or Mayor
- Your own lawyer
- Office of the Auditor-General (for pecuniary interests only - the OAG cannot provide clearance on bias/predetermination)

More detailed guidance from the OAG is available at:
<https://www.oag.govt.nz/2010/lamia/docs/local-authorities-members-interests-act.pdf>

Remember: If in doubt, stay out!

**WAITOMO DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE**

**MINUTES OF A MEETING OF THE WAITOMO DISTRICT COUNCIL AUDIT
AND RISK COMMITTEE HELD IN THE COUNCIL CHAMBERS, QUEEN
STREET, TE KUITI ON TUESDAY 21 AUGUST 2018 AT 1.00PM**

PRESENT: Mayor Brian Hanna, Deputy Mayor Guy Whitaker, Council Members Phil Brodie, Terry Davey, Allan Goddard, Janene New and Sue Smith and Independent Member Bruce Robertson

IN ATTENDANCE: Chief Executive, Executive Assistant, Group Manager – Corporate Services, General Manager – Infrastructure Services and Group Manager – Community Services

1. Declarations of Member Conflicts of Interest
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No declarations were.

2. Confirmation of Minutes – 29 May 2018

Resolution

The Minutes of the Waitomo District Council Audit and Risk Committee meeting of 29 May 2018, including the Public Excluded minutes, be confirmed as a true and correct record.

Whitaker/New Carried

3. Mastercard Expenditure Report (May 2018 to July 2018)

Council considered a business paper presenting for the Committee's information and consideration, details of expenditure incurred via WDC issued Corporate Mastercards.

The Chief Executive expanded verbally on the business paper and answered Members' questions.

Resolution

The Mastercard Expenditure Report for the period May 2018 to July 2018 be received.

Davey/Brodie Carried

4. Unaudited Interim Financial Report for the Year ended 30 June 2018
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Council considered a business paper presenting the unaudited interim financial results for the year ended 30 June 2018.

The Chief Executive and Group Manager – Corporate Services expanded verbally on the business paper and answered Members’ questions.

Resolution

The business paper on Unaudited Interim Financial report for the Year ended 30 June 2018 be received.

Brodie/Goddard Carried

5. Progress Report: Development of Risk Management Framework

Council considered a business paper providing an update on the development of the Risk Management Framework.

The Group Manager – Corporate Services expanded verbally on the business paper and answered Members’ questions.

The General Manager – Infrastructure Services and Group Manager – Community Services entered the meeting at 1.42pm.

Resolution

The Progress Report: Development of Risk Management Framework be received.

Davey/Whitaker Carried

6. Progress Report: WDC Resource Consent – Compliance Monitoring	A393050
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Council considered a business paper providing a progress report on compliance reporting against Resource Consent conditions.

The General Manager – Infrastructure Services and Chief Executive expanded verbally on the business paper and answered Members’ questions.

Resolution

The Progress Report: Resource Consent – Compliance Monitoring be received.

Whitaker/Brodie Carried

7. Motion to Exclude the Public for the consideration of:	A394694
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The Committee considered a business paper pursuant to Section 48 of the Local Government Official Information and Meetings Act 1987 giving Council the right by resolution to exclude the public from the whole or any part of a meeting on one or more of the grounds contained within that Section.

The Committee noted that Item 4 on the Order Paper - Progress Report: No 5 Trust - Offer of Service for ongoing provision of Exhibition Space is to be moved into the Public Excluded portion of the meeting.

Resolution

- 1 The public be excluded from the following part of the proceedings of this meeting.
- 2 The Committee agree the following staff, having relevant knowledge, remain in attendance to assist Council with its decision making:
 - Chief Executive
 - Executive Assistant
 - Group Manager – Corporate Services
 - Group Manager – Community Services
 - General Manager – Infrastructure Assets
- 3 The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Section 48(1) grounds for this resolution
1. Progress Report: Health and Safety	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
2. Progress Report: Risk Management – Procurement/Contract Schedule	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6, Section 7 or Section 9 of the Official Information Act 1982 as the case may require are listed above.

Whitaker/Smith Carried

There being no further business the meeting closed at 2.30pm.

Dated this day of 2017.

**BRIAN HANNA
MAYOR**

Confidential Confidential

Confidential Confidential

Confidential

Document No: A410554

Report To: Audit and Risk Committee



Meeting Date: 29 October 2018

Subject: **Mastercard Expenditure Report
August 2018 and September 2018**

Purpose of Report

- 1.1 The purpose of this business paper is to present for the Committee's information and consideration, details of expenditure incurred via WDC issued Corporate Mastercard.

Commentary

2.1 Introduction

2.2 In today's technological climate, the use of credit cards is an everyday norm. The issue of WDC Corporate Mastercards is also deemed a prudent and sometimes necessary form of currency.

2.3 Many purchases can be made online with discounts not applicable through other purchasing avenues, necessitating the use of a credit card. In other circumstances the only purchase method available is online. Online purchases also significantly reduce staff time in making purchases.

2.4 From time to time WDC's Senior Management Team incur work related expenses where the use of a WDC corporate credit card is the most expedient method of payment. The use of corporate credit cards avoids time consuming processes for the arranging pre-purchase cheques, petty cash or making payment personally and claiming back the expense after the fact.

2.5 Acknowledgement of Risk

2.6 However, it is also acknowledged that as with dealing with any type of cash equivalent, there is always a risk.

2.7 To mitigate the level of risk in WDC employees utilising credit cards, WDC has an implemented Credit Card Policy.

2.8 Policy

2.9 A copy of the **Credit Card Policy** is attached to and forms part of this business paper for information.

2.10 A summary of the Policy is as follows:

- Provides guidance on the use of a WDC Corporate Credit Card
- Limits approval of the issue of any credit card to the Chief Executive
- Requires a bi-annual review of both Cardholders and the Policy
- Details what is valid expenditure and what is not
- Makes an allowance for exceptional circumstances

- Requires all credit card purchases (both online and telephone) to reflect good security practice, to meet the criteria of WDC's Procurement Policy and comply with authorized Financial Delegations.
- Requires reimbursement of any unauthorized expenditure.
- Details the procedure for documenting monthly statements, monitoring by the Chief Executive and the approval (sign-off) of expenditure.
- Details card "limits" and the process for dealing with lost or stolen cards

2.11 **Presentation of Expenditure Details**

2.12 Copies of the monthly "Mastercard Statement Authorisation Forms" as explained in the Policy, will be presented to each Audit and Risk Committee Meeting.

2.13 Only copies of the actual signed Authorisation Form will be included. The supporting invoices/receipts will not be included in any Agendas, however should a Committee Member wish to view any of this supporting information, that information can be made available by arrangement.

2.14 Attached for the Committee's information are copies of signed Authorisation Forms for the period August 2018 to September 2018.

Suggested Resolution

The Mastercard Expenditure Report for the period August 2018 to September 2018 be received.



MICHELLE HIGGIE
EXECUTIVE ASSISTANT

Attachments: Credit Card Policy (Doc A207793)

Mastercard Statement Authorisation Forms for:

- August 2018
- September 2018



Credit Card Policy

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1.0 Policy Background

- 1.1 This policy is intended to provide guidance on the use of Corporate Credit Cards.

2.0 Eligibility for Credit Cards

- 2.1 This policy authorises the issue of credit cards to:
- Members of the Executive Management Team
 - The Executive Assistant to the Mayor and Chief Executive
 - The Mayor

3.0 Issuance of Additional Cards

- 3.1 The Chief Executive may approve the issue of additional cards to staff where that is appropriate. Before authorising the issuing of additional cards the Chief Executive must be satisfied that they are strictly necessary and will provide administrative efficiencies.
- 3.2 In approving the issue of a card, the Chief Executive will also confirm the approved credit limit. The credit limit will be set based on the minimum amount necessary to enable the cardholder to undertake their Council duties.

4.0 Maintenance and Review of Card Holder List

- 4.1 The Human Resources Officer shall maintain a central register (Doc# 284155) of all cardholders and a review of the register will be undertaken in conjunction with the bi-annual Policy review, or as otherwise required, to ensure that those staff currently holding cards should still do so. This frequency of review is seen as adequate, given the unlikelihood of a staff member moving from a position where they were entitled to hold a credit card to one where they are not entitled to do so.

5.0 Procedure for Issuing Cards

- 5.1 Upon approval from the Chief Executive, the Human Resources Officer will arrange for the issue of a corporate credit card via the Group Manager - Corporate Services.

6.0 Valid expenditure

- 6.1 Corporate Credit cards are to be used:
- solely for the payment of business-related expenditure;
 - subject to the limits in the appropriate annual operating expenditure budget; and
 - in accordance with the Procurement Policy and Delegations Register.
- 6.2 Credit cards shall **not** be used for the following purposes:
- Personal purchases;
 - Cash advances or cash reimbursement;
 - Payment for any work attracting PAYE tax;
 - Court costs or fines, tax payments, personal services or any other inappropriate spending.
- 6.3 **Exceptional Circumstances**
- There may be circumstances that lend themselves to an exception to the above - e.g. emergencies where cash advances are required. In these cases an explanation is to be

provided to the Chief Executive, or in the case of the Chief Executive, the Mayor, within two days of the expenditure being incurred and the expenditure is to be fully reimbursed to WDC prior to the monthly credit card payment being due.

6.4 Internet Purchases

Purchasing over the internet (using a Credit card) is authorised but the purchase transaction process must reflect good internet security practice. Good security practice involves ensuring the internet site is secure and purchasing only from established reputable companies. Where internet purchases are made, the cardholder is required to keep a copy of any online order forms completed when purchasing, and any purchasing over the internet needs to be consistent with WDC's normal purchasing procedures.

6.5 Telephone Purchases

Purchasing over the telephone (using a Credit card) is authorised but the purchase transaction process must reflect good telephone security practice. Good security practice involves ensuring the purchase is via an established and reputable company. Where telephone purchases are made, the cardholder is required to keep a manual record of the transaction. Purchasing over the telephone needs to be consistent with WDC's normal purchasing procedures.

7.0 Liability for Inappropriate Expenditure

- 7.1 WDC will not be liable for any unauthorised transactions incurred by the cardholder. In all cases the cardholder will be liable for the reimbursement to WDC of any inappropriate or unauthorised expenditure charged to the credit/purchasing card. Inappropriate expenditure is deemed to be that specified in this policy.

8.0 Procedure When More Than One Cardholder is Present

- 8.1 Where more than one cardholder is present (for example, at a staff function), it is expected that the most senior staff member will use their card for the payment of expenses incurred.

9.0 Documentation to Accompany Monthly Statements

- 9.1 Each Cardholder must complete a "Mastercard Statement Authorisation Form" (Doc# 317041) for every monthly credit card statement.
- 9.2 All credit card transactions in excess of \$20.00 in value must be supported by original documentation (tax invoices and/or receipts) to corroborate transactions.
- 9.3 For credit card transactions less than \$20.00 in value, the preference is to include supporting documentation, however this is not mandatory.
- 9.4 For transactions less than \$20.00 in value which do not have supporting documentation, or where a transaction is in excess of \$20.00 in value and supporting documentation is not available or has been lost by the cardholder, a note explaining the nature of the transaction and verifying that the expenditure incurred was valid and work-related must be included on the Mastercard Statement Authorisation Form.
- 9.5 For all entertainment and travel transactions, the business reason and other parties (if any) must be recorded along with the purpose of the meeting. This is to ensure that all transactions can be appropriately reviewed by the authoriser, and to allow WDC to claim back the GST content of qualifying purchases. GST invoices (where relevant) shall be attached to the card statement prior to review by the authoriser.

10.0 Monitoring

- 10.1 Credit card use is monitored monthly by the Chief Executive. The approval process must be structured in accordance with the following clause 11.0 'Approval of Expenditure'.

11.0 Approval of Expenditure

- 11.1 An approval hierarchy for monthly credit card statement approval, based on a "one-up" procedure where possible, has been defined as part of this policy as follows:

- 1 Executive Management Team statements must be approved by the Chief Executive.
- 2 The Chief Executive's statements must be approved jointly by the Mayor and Executive Assistant.
- 3 The Mayor's statements must be approved jointly by the Executive Assistant and Chief Executive.
- 4 The Executive Assistant's statements must be approved jointly by the Mayor and Chief Executive.

Note: The OAG guidance on sensitive expenditure states that it is essential that there should be no reciprocal arrangement for approving sensitive expenditure – therefore the Chief Executive cannot approve the Mayor's statements alone and vice versa.

- 11.2 The Executive Assistant and the Chief Executive will jointly approve the Mayor's statements (i.e. with the Mayor there can be no true "one-up procedure" and by having a joint authorisation any "reciprocal" arrangement is removed).
- 11.3 The Executive Assistant to the Mayor and Chief Executive is also in the position of knowing the Mayor's daily activities/whereabouts and will know what claims are appropriate on his Mastercard.
- 11.4 The Executive Assistant's statements will be jointly approved by both the Chief Executive and Mayor as from time to time there are purchases made on behalf of both the Mayor and Chief Executive on the Executive Assistant's credit card (i.e. Airfares, Accommodation, etc.)
- 11.2 Items will be coded by the Cardholder for posting in the accounting system. Credit card payments must be authorised like other invoices and in accordance with the Procurement Policy and Delegations Register.
- 11.3 The approval hierarchy will be as follows:

Expenditure incurred by	Statements approved by
Mayor	Chief Executive and Executive Assistant
Chief Executive	Mayor (or Deputy Mayor in the Mayor's absence) and Executive Assistant
Executive Assistant	Mayor and Chief Executive
Executive Management Team	Chief Executive

12.0 Card Limits

- 12.1 Unless otherwise determined by the Chief Executive, the credit limit of cards shall be as follows:

- Chief Executive \$10,000
- Mayor \$5,000
- Executive Team Members \$5,000
- Executive Assistant to CE \$5,000

13.0 Procedure for the Surrender of Cards

- 13.1 All cards will be surrendered by the cardholder on termination of their employment with Council. The credit card is to be returned to the Human Resources Officer in the first instance who will then pass the card on to the Group Manager – Corporate Services for cancellation. This cancellation should be processed to the card issuer within 5 working days of the employee leaving Council and the card destroyed. All final wage/salary payments will be approved upon return of the credit card.

14.0 Lost or Stolen Cards

- 14.1 The cardholder is responsible for immediately reporting a card that is lost or stolen to the Westpac Bank Credit Cards division of the Westpac Bank. The hotline telephone number **0800 888 111** is given to each cardholder when uplifting the card. If a card is lost or stolen outside New Zealand, it must be reported to the nearest VISA member bank or by ringing **+64 09 914 8026 collect**.
- 14.2 Written confirmation of what happened when the card was lost or stolen must be provided to Westpac Bank within a reasonable timeframe. Full details (where, when, how) must be included, as the bank may need to relay these details to police.
- 14.3 Replacement of a lost or stolen card is to be arranged through the Human Resources Officer.

15.0 Breach of Policy

- 15.1 Any breach of this policy will be considered to be serious misconduct. When there is reason to believe that violation of policy or law has occurred disciplinary action may be taken. For repeat offenders, or where the breach of policy is significantly serious, the card will be automatically cancelled and formal disciplinary action taken.

16.0 Policy Review

- 16.1 The Human Resources Advisor is responsible for the administration, revision, interpretation, and application of this Policy. The Policy will be reviewed and revised where necessary every two years.

17.0 Staff Contact

Human Resource Advisor

18.0 Policy Review Date

Next Review: February 2020 (2 years)

Policy Approved:



Chris Ryan
Chief Executive

Date: 16 February 2018



20
RECEIVED

31 AUG 2018

WAITOMO DISTRICT
COUNCIL

53 GALWAY STREET, AUCKLAND CITY, 1010



MasterCard
BusinessCard

THE DIRECTOR
WAITOMO DISTRICT COUNCIL
P O BOX 404
TE KUITI

3941

Closing Date	Page
27/08/18	1

Current Annual Percentage Rate	Current Monthly Rate
19.950	1.6625

Card/ Customer No.	0000 0000 0860 2564
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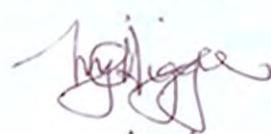


***** CONSOLIDATED SUMMARY *****

LIMIT	CARDHOLDER NAME	ACCOUNT NUMBER	BALANCE
\$10000	✓ MR C J RYAN	0000 0030 1565 8580	57.50
\$5000	✓ MR A B HANNA	0000 0030 2936 5529	66.00
\$5000	✓ MS M D HIGGIE	0000 0030 2936 5933	4604.80
\$5000	✓ MRS H M BEEVER	0000 0030 3956 2081	534.75
\$5000	✓ MRS V CHOPRA	0000 0030 3961 3868	189.00
\$5000	✓ MR S J DU TOIT	0000 0030 5022 0312	1446.10
\$5000	✓ MISS T D KELLY	0000 0030 5326 1230	0.00
TOTAL CARDHOLDER LIMIT	\$40000	NET BALANCE	6898.15

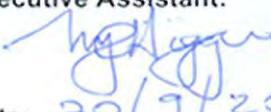
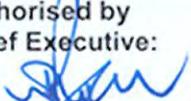
WE ADVISE THAT \$6,898.15 WILL BE DIRECTLY CHARGED TO YOUR ACCOUNT
030449 0070201 00 ON 20/09/18, PLEASE NOTE THIS TRANSACTION FOR YOUR RECORDS
PLEASE DIRECT ALL ENQUIRIES TO WESTPAC CARD SERVICES
ON 0800 888 111, AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.

Mastercard Statement Authorisation Form

Name:	Chris Ryan	
Position:	Chief Executive	
Statement Date:	27 / 08 / 18	
(1) Creditor:	Stoked Eatery	
Date:	15 August 2018	
Amount:	\$57.50	
GL Code:	811 20 700	
Expenditure:	Lunch Meeting – CEO, Greg Boyle and Mark Lester	
I certify that:		
1 I have attached the necessary supplementary docket or receipt.		
2 The account is payable.		
3 The debt incurred is work related.		
4 That any private component is identified and the amount has been reimbursed as follows:		
Signature of Chief Executive:	Authorised by Mayor:	Authorised by Executive Assistant:
		
Date: 5/9/18	Date: 19/9/18	Date: 5/9/18

22 Mastercard Statement Authorisation Form



Name: Brian Hanna Position: Mayor Statement Date: 27 / 08 / 18		
(1)	Creditor: Hamilton International Airport Date: 13 August 2018 Amount: \$20.00 GL Code: 111 42 712 Expenditure: Airport Parking – Attendance at LGNZ-DIA Three Waters Review Reference Group Meeting in Wellington on Friday 10 August 2018	
(2)	Creditor: Green Cabs Ltd Date: 13 August 2018 Amount: \$46.00 GL Code: 111 42 712 Expenditure: Taxi Fare – Attendance at LGNZ-DIA Three Waters Review Reference Group Meeting in Wellington on Friday 10 August 2018	
I certify that: 1 I have attached the necessary supplementary docket or receipt. 2 The account is payable. 3 The debt incurred is work related. 4 That any private component is identified and the amount has been reimbursed as follows:		
Signature of Mayor:  Date: 19/9/18	Authorised by Executive Assistant:  Date: 20/9/2018	Authorised by Chief Executive:  Date: 20/9/2018

Mastercard Statement Authorisation Form

23



Name:	Michelle Higgle	
Position:	Executive Assistant	
Statement Date:	27 / 08 / 18	

✓	(1) Creditor:	NZ Transport Agency	
	Date:	27 July 2018	
	Amount:	\$1,244.80	
	GL Code:	820 27 766	
	Expenditure:	20,000km Road User Charges for Mitsubishi Triton (Rego KBU339)	

✓	(2) Creditor:	Air New Zealand (Koru Club)	
	Date:	24 July 2018	
	Amount:	\$629.00	
	GL Code:	811 33 530	
	Expenditure:	Koro Annual Membership Renewal for Chief Executive	

✓	(3) Creditor:	New World	Resident Satisfaction Survey participation incentive
	Date:	22 August 2018	
	Amount:	\$500.00	
	GL Code:	12124515	
	Expenditure:	x2 winners of incentive prize draw New World Gift Card	

✓	(4) Creditor:	SOLGM	
	Date:	22 August 2018	
	Amount:	\$1,375.00	
	GL Code:	817 38 700	
	Expenditure:	CEO Registration for 2018 SOLGM Annual Summit in Queenstown (8-12 September 2018)	

✓	(5) Creditor:	Expedia	CE to pay Private Kaitiaki \$856/4 = \$214.00 - Accom. Saturday night 8/9/18 4 nights Sat 8 to Tues 11-12
	Date:	22 August 2018	
	Amount:	\$856.00	
	GL Code:	817 38 700	
	Expenditure:	CEO Accommodation for 2018 SOLGM Annual Summit in Queenstown (8-12 September 2018)	

Please note private Kaitiaki reimbursement

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of Executive Assistant: Date: 5/9/18	Authorised by Chief Executive: Date: 5/9/18	Authorised by Mayor: Date: 19/9/18
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24

Mastercard Statement Authorisation Form



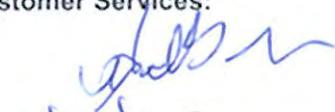
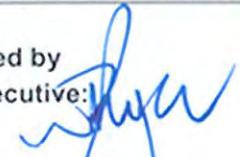
Name: **Helen Beever**
Position: **Group Manager – Community Services**
Statement Date: **27 / 08 / 18**

(1) Creditor: Skyline Rotorua
Date: 2 August 2018
Amount: \$338.00
GL Code: 817 39 705
Expenditure: Tina Hitchen - 25 Years of Service

(2) Creditor: Mount Richmond Hotel
Date: 3 August 2018
Amount: \$196.75
GL Code: 817 38 700
Expenditure: Accommodation and Meal: Damion Buckman – Attendance at Playground Inspectors Course

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

<p>Signature of GM – Customer Services:</p>  <p>Date: 6/9/18</p>	<p>Authorised by Chief Executive:</p>  <p>Date: 6/9/18</p>
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Mastercard Statement Authorisation Form



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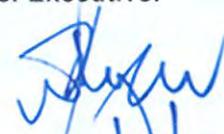
Name: **Vibhuti Chopra**
 Position: **Group Manager – Corporate Services**
 Statement Date: **27 / 08 / 18**

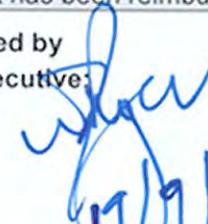
(1) Creditor: **Novotel Rotorua Lakeside**
 Date: **13 August 2018**
 Amount: **\$189.00**
 GL Code: **817 38 700**
 Expenditure: **Accommodation – Senior Policy Advisor attendance at 2 Day SOLGM Seminar**

I certify that:
 1 I have attached the necessary supplementary docket or receipt.
 2 The account is payable.
 3 The debt incurred is work related.
 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of
 GM – Corporate Services:

 Date: **7/9/2018**

Authorised by
 Chief Executive:

 Date: **7/9/18**

Name:	Kobus du Toit		
Position:	Group Manager – Assets		
Statement Date:	27 / 08 / 18		
(1) Creditor:	Bosco Café		
Date:	9 August 2018		
Amount:	\$72.50		
GL Code:	811 20 700		
Expenditure:	Lunch Meeting: General Manager – Infrastructure Services and 2 Representatives of KiwiCamp		
(2) Creditor:	NZ Transport Agency		
Date:	13 August 2018		
Amount:	\$128.80		
GL Code:	820 27 716		
Expenditure:	2,000km Road User Charges for Mitsubishi Triton (Rego GEM14)		
(3) Creditor:	NZ Transport Agency		
Date:	13 August 2018		
Amount:	\$1,244.80		
GL Code:	820 27 769		
Expenditure:	20,000km Road User Charges for Mitsubishi Triton (Rego KBU342)		
(4) Creditor:	NZ Transport Agency		
Date:	27 August 2018		
Amount:	\$3,104.80		
GL Code:	820 27 762		
Expenditure:	50,000km Road User Charges for Mitsubishi Triton (Rego JHR357)		
I certify that:			
1 I have attached the necessary supplementary docket or receipt.			
2 The account is payable.			
3 The debt incurred is work related.			
4 That any private component is identified and the amount has been reimbursed as follows:			
Signature of GM – Assets:			
Date:	19/08/2018		
Authorised by Chief Executive:			
Date:	17/9/2018		

This is on Sept Statement

Mastercard Statement Authorisation Form

27



Name: Terrena Kelly	
Position: Group Manager – Compliance	
Statement Date: 27 / 08 / 18	
(1) Creditor:	
Date:	
Amount: No Transactions this Period	
GL Code:	
Expenditure:	
I certify that:	
1 I have attached the necessary supplementary docket or receipt.	
2 The account is payable.	
3 The debt incurred is work related.	
4 That any private component is identified and the amount has been reimbursed as follows:	
Signature of GM – Compliance:	Authorised by Chief Executive:
Date:	Date:



A409248

28

MasterCard
BusinessCard

RECEIVED

53 GALWAY STREET, AUCKLAND CITY, 1010

02 OCT 2018

WAITOMO DISTRICT
COUNCILTHE DIRECTOR
WAITOMO DISTRICT COUNCIL
P O BOX 404
TE KUITI

3941

Closing Date	Page
27/09/18	1

Current Annual Percentage Rate	Current Monthly Rate
19.950	1.6625

Card/ Customer No.	0000 0000 0860 2564
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***** CONSOLIDATED SUMMARY *****

LIMIT	CARDHOLDER NAME	ACCOUNT NUMBER	BALANCE
\$10000	✓ MR C J RYAN	0000 0030 1565 8580	3959.98
\$5000	- MR A B HANNA	0000 0030 2936 5529	0.00
\$5000	✓ MS M D HIGGIE	0000 0030 2936 5933	1346.06
\$5000	✓ MRS H M BEEVER	0000 0030 3956 2081	2892.80
\$5000	- MRS V CHOPRA	0000 0030 3961 3868	0.00
\$5000	✓ MR S J DU TOIT	0000 0030 5022 0312	3104.80
\$5000	✓ MISS T D KELLY	0000 0030 5326 1230	612.00
TOTAL CARDHOLDER LIMIT	\$40000	NET BALANCE	11915.64

WE ADVISE THAT \$11,915.64 WILL BE DIRECTLY CHARGED TO YOUR ACCOUNT
030449 0070201 00 ON 20/10/18, PLEASE NOTE THIS TRANSACTION FOR YOUR RECORDS
PLEASE DIRECT ALL ENQUIRIES TO WESTPAC CARD SERVICES
ON 0800 888 111, AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.



5583401000000710000003193

29 Mastercard Statement Authorisation Form



Name: **Chris Ryan**
 Position: **Chief Executive**
 Statement Date: **27 / 09 / 18**

(1) Creditor: NZ Transport Agency
 Date: 3 September 2018
 Amount: \$1,244.80
 GL Code: 820 27 742
 Expenditure: 20,000km Road User Charges for Mazda BT-50 (Rego LHC172)

(2) Creditor: NZ Transport Agency
 Date: 3 September 2018
 Amount: \$1,244.80
 GL Code: 820 27 744
 Expenditure: 20,000km Road User Charges for Mazda BT-50 (Rego LHY96)

(3) Creditor: Copthorne Hotel
 Date: 14 September 2018
 Amount: \$837.01
 GL Code: 817 38 700
 Expenditure: Accommodation – CEO attendance at 2018 SOLGM Annual Summit

Note: Charged in Error – Refund made – refer attached Email from the Copthorne Hotel. Refund will show on October 2018 Mastercard Statement.

(4) Creditor: Hamilton Airport
 Date: 17 September 2018
 Amount: \$3.00
 GL Code: 817 38 700
 Expenditure: Airport Parking – CEO attendance at 2018 SOLGM Annual Summit

As attached.

(5) Creditor: Budget Rent a Car
 Date: 18 September 2018
 Amount: \$630.37
 GL Code: 817 38 700
 Expenditure: Rental Car – CEO attendance at 2018 SOLGM Annual Summit

as attached private OR paid in full as attached.

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of Chief Executive:

[Signature]
 Date: **11/10/18**

Authorised by Mayor:

[Signature]
 Date: **12/10/18**

Authorised by Executive Assistant:

[Signature]
 Date: **12/10/18**

Mastercard Statement Authorisation Form

30



Name: Brian Hanna		
Position: Mayor		
Statement Date: 27 / 09 / 18		
(1) Creditor:		
Date:		
Amount: No Transactions this Period		
GL Code:		
Expenditure:		
I certify that:		
1 I have attached the necessary supplementary docket or receipt.		
2 The account is payable.		
3 The debt incurred is work related.		
4 That any private component is identified and the amount has been reimbursed as follows:		
Signature of Mayor:	Authorised by Executive Assistant:	Authorised by Chief Executive:
Date:	Date:	Date:

31 Mastercard Statement Authorisation Form



Name:	Michelle Higgie	
Position:	Executive Assistant	
Statement Date:	27 / 09 / 18	

✓	(1)	Creditor:	Raglan Roast
		Date:	24 August 2018
		Amount:	\$72.00
		GL Code:	81120700
		Expenditure:	Coffee beans for Chambers

✓	(2)	Creditor:	Rubber Tree
		Date:	31 August 2018
		Amount:	\$298.00
		GL Code:	820 27 751
		Expenditure:	KMZ559 Mitsubishi ASX - Heavy Duty Rubber Floor Mats and Boot Liner

✓	(3)	Creditor:	(House of Travel (West Plaza))
		Date:	21 September 2018
		Amount:	\$216.06
		GL Code:	817 38 700
		Expenditure:	Accommodation - CEO attendance at LGNZ Rural & Provincial Sector Meeting in Wellington on 22 and 23 November 2018

✓	(4)	Creditor:	Air New Zealand
		Date:	21 September 2018
		Amount:	\$376.00
		GL Code:	817 38 700
		Expenditure:	Airfares - Legal Advisor attendance at Election Officer Training

✓	(5)	Creditor:	Air New Zealand
		Date:	21 September 2018
		Amount:	\$384.00
		GL Code:	817 38 700
		Expenditure:	Airfares - CEO attendance at LGNZ Rural & Provincial Sector Meeting in Wellington on 22 and 23 November 2018

I certify that:		
1 I have attached the necessary supplementary docket or receipt.		
2 The account is payable.		
3 The debt incurred is work related.		
4 That any private component is identified and the amount has been reimbursed as follows:		

Signature of Executive Assistant: Date: 31/09/18	Authorised by Chief Executive: Date: 11/10/18	Authorised by Mayor: Date: 2/10/18
---	--	---

32 Mastercard Statement Authorisation Form



Name: Helen Beever
Position: Group Manager – Community Services
Statement Date: 27 / 09 / 18

✓ (1) **Creditor:** NZ Transport Agency
Date: 28 August 2018
Amount: \$1,244.80
GL Code: 820 27 719
Expenditure: 20,000km Road User Charges for Mitsubishi Triton (RegoGUS513)

✓ (2) **Creditor:** Air New Zealand
Date: 29 August 2018
Amount: \$622.00
GL Code: 817 38 700
Expenditure: Flights Hamilton to Queenstown - Chief Executive attendance at 2018 SOLGM Summit

Note: Chief Executive has reimbursed 50% being private portion for Christine Ryan's airfares.

✓ (3) **Creditor:** Air New Zealand
Date: 29 August 2018
Amount: \$1,026.00
GL Code: 817 38 700
Expenditure: Flights to Dunedin to Hamilton - Chief Executive attendance at 2018 SOLGM Summit

Note: Chief Executive has reimbursed 50% being private portion for Christine Ryan's airfares.

I certify that:
 1 I have attached the necessary supplementary docket or receipt.
 2 The account is payable.
 3 The debt incurred is work related.
 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of GM – Customer Services:

Date: 4/10/2018

Authorised by Chief Executive:

Date: 19/10/18

Mastercard Statement Authorisation Form

33



Name:	Vibhuti Chopra
Position:	Group Manager – Corporate Services
Statement Date:	27 / 09 / 18

(1) Creditor:	
Date:	
Amount:	No Transactions this Period
GL Code:	
Expenditure:	

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of GM – Corporate Services:	Authorised by Chief Executive:
Date:	Date:

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Mastercard Statement Authorisation Form



Name:	Kobus du Toit
Position:	Group Manager – Assets
Statement Date:	27 / 09 / 18

✓	(1) Creditor:	NZ Transport Agency	
	Date:	27 August 2018	
	Amount:	\$3,104.80	
	GL Code:	820 27 762	
	Expenditure:	50,000km Road User Charges for Mitsubishi Triton (Rego JHR357)	

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of GM – Assets: Date: 03/10/18	Authorised by Chief Executive: Date: 11/10/18
--	---

35 Mastercard Statement Authorisation Form



Name:	Terrena Kelly		
Position:	Group Manager – Compliance		
Statement Date:	27 / 09 / 18		
(1) Creditor:	BreakFree Cashel Christchurch (via Wotif)		
Date:	20 September 2018		
Amount:	\$180.00		
GL Code:	620 44 810		
Expenditure:	Accommodation (2 nights) for Donna Burt attending WasteMINZ conference in Christchurch		
(2) Creditor:	Air New Zealand		
Date:	20 September 2018		
Amount:	\$432.00		
GL Code:	620 44 810		
Expenditure:	Flights to Christchurch for Donna Burt to attend WasteMINZ conference 2018		
I certify that:			
1 I have attached the necessary supplementary docket or receipt.			
2 The account is payable.			
3 The debt incurred is work related.			
4 That any private component is identified and the amount has been reimbursed as follows:			
Signature of GM – Compliance:	Authorised by Chief Executive:		
<i>Terrena Kelly</i> GM - Environmental Services			
Date: 8/10/18	Date: 19/10/18		

Document No: A410550

Report To: Audit and Risk Committee



Meeting Date: 29 October 2018

Subject: **Financial and Non-Financial Report to 30 September 2018**

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to present the financial and non-financial results for the period ended 30 September 2018.

Background

- 2.1 The period covered by this report is 1 July 2018 to 30 September 2018.
- 2.2 The order of the report is as follows:
- **Summary Income Statement** with comments detailing significant variances to budget on Council's operating performance for the period ended 30 September 2018.
 - **Summary Balance Sheet** with comments detailing significant balance sheet movements from 1 July 2018 to 30 September 2018.
 - **Capital Expenditure** summary with commentary on material variances of expenditure for the period compared with the LTP 2018/19.
 - **Summary Treasury Management** which reports on the Public Debt position, cash reserves and significant treasury transactions.
 - **Cost of Service Statement** Summary and Cost of Service Statements for Council's ten significant activities are presented in **Appendix 1**.
 - **Balance Sheet** as at 30 September 2018 is presented in **Appendix 2**.
 - **Treasury Management Report** from Bancorp Treasury Services Limited, Council's treasury management advisors is enclosed as **Attachment 1**.
- 2.3 All figures in the tables, except percentages, are expressed in thousands of dollars (\$000s).

Financial Report to 30 September 2018

3.1 INCOME STATEMENT HIGHLIGHTS

3.2 Set out below is the summary of financial information for the period ended 30 September 2018. Detailed Cost of Service Statements are attached as Appendix 1.

FINANCIAL HIGHLIGHTS (Amounts in \$000's)	Unadopted Actual 2017/18	LTP Budget 2018/19	YTD Budget Sept 2018	Actual Sept 2018	Variance Sept 2018	% Variance
Total Expenditure						
- Direct Operating	15,771	16,520	4,026	3,993	(33)	
- Indirect Operating	11,691	13,400	3,302	3,081	(221)	
Total Expenditure	27,462	29,920	7,328	7,074	(254)	-3%
Total Revenue						
- Operating Revenue	(11,949)	(12,684)	(2,843)	(2,762)	81	
- Rates Revenue	(19,727)	(20,476)	(5,374)	(5,361)	13	
Total Revenue	(31,676)	(33,160)	(8,217)	(8,123)	94	-1%
Net Operating Cost/(Surplus)	(4,214)	(3,240)	(889)	(1,049)	(160)	18%
Other Comprehensive Revenue and Expense						
- Revaluation of Property, plant and equipment	(5,975)	0	0	0	0	
-(Gains)/Losses from Cash Flow Hedges	53	0	0	0	0	
- Revaluation of available for sale assets	(7,300)	0	0	0	0	
Total Other Comprehensive Revenue and Expense	(13,222)	0	0	0	0	
Total Comprehensive Revenue and Expense	(17,436)	(3,240)	(889)	(1,049)	(160)	18%

3.3 **Net Operating Surplus:** The net operating surplus of \$1,049,000 was \$160,000 more than budget for the period ended 30 September 2018. The Cost of Service Statements for each activity are included as Appendix 1.

3.4 **Total Expenditure** was 3% (\$254,000) less than budget for the period ended 30 September 2018.

- **Direct operating expenditure** was \$33,000 less than budget. The main contributors to this variance in order of magnitude are:
 - **Sewerage:** \$132,000 less mainly due to expenditures for power, reticulation day works maintenance and chemicals were less than budget.
 - **Water Supply:** \$86,000 less as chemicals, electricity and pump station maintenance and operational costs were less than budget.

This decrease in direct expenditure is offset by:

- Roads and Footpaths: \$214,000 more than budget due to emergency reinstatement and minor emergency events expenditures being incurred during the period.
- **Indirect expenditure** was \$221,000 less than budget:
 - Interest: \$233,000 less than budget. The budgeted interest cost was based on 1 July 2018 projected public debt of \$ \$47.57 million while the actual public debt at that date was \$41.05 million. The main reason for the lower debt position than forecast in the LTP was due to reduced capital expenditure in prior years and reduced operational expenditure spend. The cost of funds were also lower than forecast.
 - Depreciation: \$11,000 less than forecast mainly due to reduced depreciation for Water Supply and Leadership.

3.5 **Total Revenue** was 1% (\$94,000) less than budget for the period ended 30 September 2018.

- **Operating revenue** \$81,000 less than budget. The main contributors to this variance are:
 - Roads and Footpaths: \$170,000 less than budget. Less NZTA subsidy being received due to capital expenditure being less than the budget.
 - Sewerage: \$27,000 less than budget due to reduced volume of tradewaste discharge.

This decrease in revenue is offset by:

- Solid Waste Management: \$61,000 more than budget due to increase in general refuse, special waste and green waste charges.
- **Rates revenue** was \$13,000 less than budget mainly due to Metered Water Rates being less. This was partly offset by increased Targeted Rates, UAGC Rates, General Rates and Rates Penalties revenue.

3.6 **BALANCE SHEET HIGHLIGHTS**

3.7 Balance Sheet highlights presented below show the movement in Council's financial position from 30 June 2018 to 30 September 2018. The full Balance Sheet is attached as **Appendix 2**.

BALANCE SHEET HIGHLIGHTS (Amounts in \$000's)	Unadopted Actual Position 30 Jun 2018	Actual Position 30 Sept 2018	Movement from 30 Jun 2018
Assets			
- Cash and cash equivalents	1,762	907	(855)
- Receivables	5,331	5,098	(233)
- Other current assets	84	84	0
- Other financial assets	12,616	12,321	(295)
- Non-current assets	343,305	343,296	(9)
TOTAL ASSETS	363,098	361,706	(1,392)
Liabilities			
- Other Liabilities	5,965	4,211	(1,754)
- Total Borrowings	41,737	41,050	(687)
- Derivative financial instruments	1,737	1,737	0
Total Liabilities	49,439	46,998	(2,441)

BALANCE SHEET HIGHLIGHTS (Amounts in \$000's)	Unadopted Actual Position 30 Jun 2018	Actual Position 30 Sept 2018	Movement from 30 Jun 2018
Equity - Equity	313,659	314,708	1,049
TOTAL LIABILITIES AND EQUITY	363,098	361,706	(1,392)

3.8 Total Assets have decreased from \$363.1 million to \$361.7 million.

- Cash and cash equivalents have decreased by \$855,000 from \$1,762,000 to \$907,000.
- Receivables decreased by \$233,000 since 30 June 2018 from \$5.33 million to \$5.10 million due to a decrease in GST, other receivables and metered water receivables. However this decrease was offset by an increase in NZTA and rates receivables.
- Other financial assets decreased by \$295,000. The decrease is due to repayment of the \$375,000 advance by Inframax Construction Limited, which completes the full repayment of this advance. The decrease is offset by an increase of \$80,000 in subscription to LGFA Borrower Notes, as detailed in the Treasury Management report.
- Non-current assets have decreased by \$9,000. The decrease is due to the net effect of asset additions of \$1,456,000 less depreciation of \$1,465,000.

3.9 Total Liabilities have decreased from \$49.4 million to \$47.0 million.

- Other Liabilities decreased by \$1,754,000 due to a general decrease in Payables at 30 September 2018.
- Total Borrowings decreased by \$687,000 from \$41.7 million to \$41.0 million. The decrease is due to repayment of the unsecured Westpac Loan of \$375,000, which was advanced and now repaid by Inframax Construction Limited. In addition to that draw down of the Westpac Call Advance, reduced by \$300,000 and accrued interest reduced by \$12,000.

3.10 Equity increased by \$1,049,000 to \$314.7 million which equals the total comprehensive revenue and expense for the period.

4.0 CAPITAL EXPENDITURE

4.1 Set out below is the Capital Expenditure budget for the year compared to actual expenditure for the period ended 30 September 2018.

CAPITAL EXPENDITURE SUMMARY (Amounts in \$000's)	LTP 2018/19	Actual Sept 2018	Variance 2018/19
Governance: Leadership and Investments - Corporate Support	860	186	(674)
Community Service			

CAPITAL EXPENDITURE SUMMARY (Amounts in \$000's)	LTP 2018/19	Actual Sept 2018	Variance 2018/19
- Parks and Reserves	207	37	(170)
- Housing and Other Property	51	68	17
- Recreation and Culture	191	49	(142)
- Public Amenities	519	8	(511)
Community Development			
- District Development	0	1	1
Solid Waste Management			
- Landfill Management	217	53	(164)
Stormwater			
- Urban	194	33	(161)
- Rural	5	0	(5)
Sewerage			
- Te Kuiti Sewerage	622	28	(594)
- Te Waitere Sewerage	0	0	0
- Benneydale Sewerage	52	0	(52)
- Piopio Sewerage	19	8	(11)
Water Supply			
- Te Kuiti Water	406	462	56
- Mokau Water	115	6	(109)
- Piopio Water	339	11	(328)
- Benneydale Water	4	0	(4)
Roads and Footpaths			
- Subsidised Roads	6,293	500	(5,793)
- Unsubsidised Roads	160	5	(155)
TOTAL CAPITAL EXPENDITURE	10,254	1,455	(8,799)

4.2 Capital Expenditure was \$1.46 million for the period ended 30 September 2018, of which \$0.51 million (35%) related to Roads, \$0.48 million (33%) related to Water Supply and \$0.19 million (13%) related to Governance: Leadership and Investments.

4.3 Capital expenditure budgets are listed in the table above and projects detailed in the commentary that follows. It should be noted that "Unspecified" renewal/upgrade budgets are forecast for expenditure to be incurred on an 'as needed' basis only.

4.4 Governance: Leadership and Investments

Corporate Support:

- Corporate Support (Budget \$860,000 and carry over \$130,000): Expenditure of \$186,000 has been for fleet vehicle replacements.

4.5 Community Service

Parks and Reserves:

- Park renewal expenditure and Brook Park development (Budget \$77,500 and carry over budget of \$16,500) : Minor expenditure to date.
- Renewal expenditure for jetty/pontoon and development of coastal reserves (Budget \$34,200 and carry over of \$64,700) Minor expenditure to date.

- Playground renewals (Budget \$30,000 and carry over budget \$40,000): The construction of new playground at Benneydale has been completed with \$19,000 costs to date.

Housing and Other Property:

- The Housing and Other Property capital expenditure budget shows total expenditure for three months of \$68,000 against a nil budget. Expenditures incurred relate to the development of the Te Kuiti Holiday Park. Ministry of Business Innovation and Employment (MBIE) has committed funding of \$200,000 for the ablution block project and there has also been further funding received from NZ Motor Caravan Association to install a new public dump station on the site.
- Elderly persons housing renewals and miscellaneous building renewals (Budget \$51,100). No expenditure to date.

Recreation and Culture:

- Expenditures for the period was for library collection renewals and is ongoing (Budget \$48,000).
- Library technology and library renewals (Budget \$37,000 and carry over \$26,400): Expenditures of \$25,000 incurred for the replacement of library furniture.
- Aquatic centre renewals (Budget \$21,000 and carry over \$12,000). Expenditure of \$15,000 to date for the replacement of the cladding for the back wall of the grandstand canopy.

Public Amenities:

- Te Kuiti toilet renewal and other minor toilet renewals (Budget \$73,000 and carry over \$7,900). The renewal of graffiti resistant partitions for Te Kuiti central toilet commenced towards the end of last financial year. Minor expenditure recognised to date.
- Mokau toilet renewal (Budget \$320,000): No expenditure to date.
- Te Kuiti Cemetery development and accessway renewals (Budget \$67,600 and carry over \$63,600): A new shelter is being constructed at Te Kuiti New Cemetery with minor expenditure to date.
- Te Kuiti railway pedestrian over-bridge renewal is under review and further investigation is being carried out. There is no budget for this work in 2018/19 year however, there is \$140K of carryover budget and budgets contained in years 2, 3 and 4 of The 2018 LTP.
- Street furniture and public carpark renewal expenditure including security camera renewals and Queen St carpark (Budget \$58,600). Minor expenditure to date.

4.6 Community Development

- Minor expenditures incurred for the period for i-SITE technology renewal.

4.7 **Solid Waste Management**

- Work is ongoing on the Resource Consent for volume expansion at the Landfill with to date expenditures of \$47,000. (Carry over \$22,000 and \$100,000 brought forward from 2019/20 LTP budget)
- Purchase of carbon credits required under the Emissions Trading Scheme (Budget \$175,000 and carry over \$75,000). No expenditure to date.

4.8 **Stormwater**

- Open drains improvement (Budget \$10,000): Expenditures of \$27,000 has been for improvement of Seddon St pipe work.
- Te Kuiti storm water minor renewals (Budget \$74,000 and carry over budget \$106,000): Expenditure has been for renewals of pipe and manhole along Ward St. This budget is utilised on an as required basis for emergency works.

4.9 **Sewerage**

- Te Kuiti waste water treatment plant (Budget \$234,000): Expenditures for the period of \$14,000 was for connecting pipework to the chemical tank.
- Te Kuiti Reticulation and Pump Station renewals (Budget \$358,000): Expenditure of \$13,000 for the period was for Taupiri Street reticulation upgrade. This work is expected to be completed in October 2018.
- Benneydale treatment plant and reticulation renewals (Budget \$52,000): The installation work of new sewer line and flow measuring device on the treatment outlet to comply with consent condition will likely to start in February 2019.
- Piopio reticulation and unplanned pump renewals (Budget \$19,000): Expenditures of \$8,000 was incurred for the period for the replacement of submersible pump.

4.10 **Water Supply**

- Te Kuiti Water Treatment plant upgrade including the raw water intake structure (Phase II) expenditure to date was \$384,000 (Budget \$80,000 plus a carryover budget of \$1,301,000 for the remainder of the project).
- On a project basis the total treatment plant upgrade project budget, as approved by Council is \$7,467,000. Total expenditure over the last four years to 30 September 2018 is \$6,166,000, leaving \$1,301,000 available for completion. Sections still to be completed is installation of the intake structure, finalisation of the mechanical and electrical components and completion of site security.
- Te Kuiti reticulation and pump station renewals (Budget \$304,000): Expenditures for the period was \$78,000 for installing and replacing tobies, and replacing fire hydrants at water main.
- Reservoir Seismic Strengthening (Budget \$22,000): no expenditures incurred to date.

- Mokau Water reticulation and plant renewals (Budget \$115,000 and carry over budget \$93,000): The Tainui Street reticulation upgrade and Aria Terrace renewal project will not go ahead. It is anticipated that this funds instead will be used to repair the water storage dam issue that has been identified at the time this report was prepared.
- Piopio reservoir (Budget \$250,000): Tender process has commenced for the installation and supply of a new steel reservoir.
- Piopio Water reticulation renewals and treatment plant renewals including the installation of backflow preventers (Budget \$89,000 and carry over budget \$82,000): Tender process has commenced for the supply and installation of new pipe line to link Tui Street – State Highway 3 and the water bridge at Kuritahi Street.

4.11 **Roads and Footpaths**

4.12 **Subsidised Roads**

- Minor improvements expenditure of \$37,000 incurred for the period in relation to the minor slip repairs and on road widening work following a washout (Budget \$650,000).
- Drainage renewals (Budget \$250,000): Expenditure for the period was \$112,000. This activity is weather dependent.
- Pavement rehabilitation (Budget \$1,700,000): Expenditure for the period was \$16,000.
- Sealed road surfacing (Budget \$1,385,000): Carrying out this activity requires fair weather due to the high cost and volatility around sealing of road surfaces. The annual sealing program will begin in October 2018.
- Structures component replacements and bridge maintenance (Budget \$350,000): A portion of the 2017/18 bridge structural repairs project was successfully completed in July after a late start caused by professional services delays, expenditures for the period was \$72,000.
- Traffic services renewals (Budget \$150,000): Expenditure for the period was \$53,000.
- Unsealed road metaling (Budget \$600,000): Expenditure for the period was \$134,000. The annual unsealed road metaling program is well underway and on target.
- Emergency reinstatement (Budget \$700,000): minor expenditures incurred for the period.
- LED Street light upgrade work was completed in July 2018. Expenditures of \$73,000 spent in this financial year. This program was funded at 85% FAR by NZTA.
- Footpath improvement (Budget \$113,000): This project is currently at the tender documentation stage.
- Footpath renewal (Budget \$395,000): Expenditures for the period was \$3,000. This budget is for improving, widening and replacing existing narrow footpaths.

Additional budget is available in the 2018-28 LTP, enabled by an NZTA shift in funding policy. The project is currently at tender documentation stage.

4.13 Unsubsidised Roads

- Unspecified retaining wall renewals and road improvements not eligible for subsidy (Budget \$160,000): Minor expenditures incurred for the period.

5.0 TREASURY REPORT

5.1 Set out in the following sections is the Treasury Report which provides details on Council's public debt position and debt financing costs.

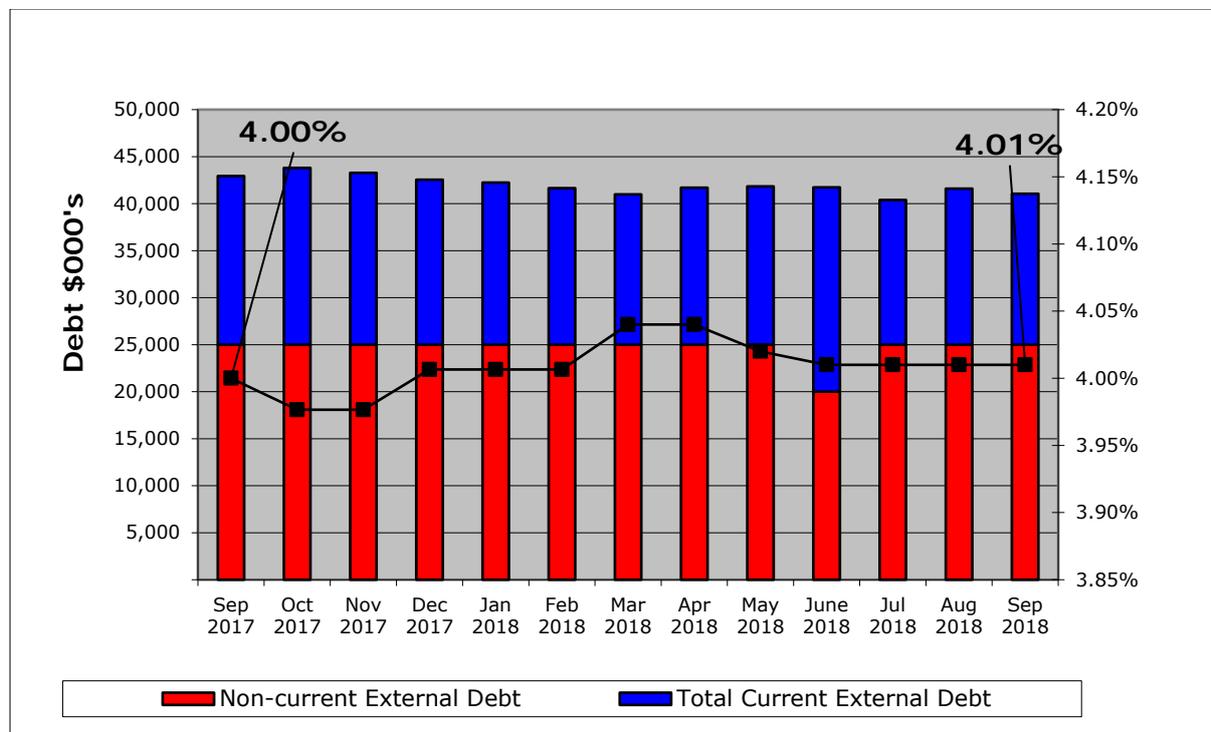
5.2 CASH POSITION

5.3 Council's cash position at 30 September 2018 was \$907,000 in funds, at 30 June 2018 it was \$1,762,000.

5.4 Included in the cash balance was \$330,000 of funds that are subject to restrictions. These include unspent waste minimisation levy funds and retention monies held.

5.5 SUMMARY OF PUBLIC DEBT POSITION

5.6 Set out below is a graph recording trends in Council's current and non-current debt for the period ended September 2018. The trend line overlaid is the effective weighted average interest rate currently being paid on all loans.



5.7 At 30 September 2018 the effective weighted average interest rate for all loans excluding finance leases, accrued interest and Call Advance facility costs was 4.01%, unchanged from the 30 June 2018 when it was 4.01%.

5.8 PUBLIC DEBT POSITION COMPARISON TO BUDGETS

5.9 Forecasted public debt at 30 June 2019 as per the LTP 2018-28 is \$47,565,000. Actual public debt at 30 September 2018 was \$41,050,000.

5.10 WHOLESALE ADVANCE FACILITY (Call Advance Facility)

5.11 Council has a Call Advance facility with Westpac with a facility limit of \$10 million, with an expiry date of 1 July 2019.

5.12 The facility has a Line of Credit fee of 0.35% at an annual cost of \$35,000.

5.13 Interest is charged on daily basis at a rate of 0.90% credit margin plus the Westpac Prime rate (which is similar to the BKBM rate). At 30 September the rate charged was 2.85%.

5.14 The facility is used to finance capital expenditure prior to a loan draw down, (such as a Floating Rate Note or Fixed Rate Bond) or to meet Council's working capital requirements between each of the quarterly rates instalments.

5.15 DETAILS OF LOAN PORTFOLIO

5.16 The following table records the public debt position and the key dates for each loan as at 30 September 2018. The classification of current and non-current loans is based on when repayment is due, with current loans being those that are due for refinancing or repayment within 12 months of the balance sheet date.

AT 30 September 2018	Interest Rate Exposure	Loan Start Date	Loan Maturity Date	Effective Interest Reprice Date	Loan Balance	Effective Interest Rate
Current Loans						
Accrued Interest					250,020	0.000%
Call Advance	Floating		1/07/2019		800,000	2.850%
LGFA: Commercial Paper	Floating	2/02/2018	30/01/2019	30/01/2019	5,000,000	2.155%
LGFA: Commercial Paper	Floating	24/08/2015	22/11/2018	22/11/2018	5,000,000	2.110%
LGFA: Floating Rate Note (ICL)	Hedged	19/06/2017	30/06/2019	30/08/2019	5,000,000	4.330%
Total Current Loans					16,050,020	
Non-current Loans						
Floating Rate Note	Hedged	18/07/2017	18/04/2022	20/04/2020	5,000,000	4.915%
LGFA: Floating Rate Note	Hedged	19/06/2017	15/11/2021	17/05/2021	6,000,000	5.455%
LGFA: Floating Rate Note	Hedged	19/06/2017	18/04/2024	18/04/2023	3,000,000	4.605%
LGFA: Floating Rate Note	Hedged	19/06/2017	10/09/2020	11/09/2020	5,000,000	4.260%
LGFA: Floating Rate Note	Hedged	19/06/2017	24/04/2023	24/01/2024	5,000,000	4.480%
LGFA: Fixed Rate Bond (ICL)	Fixed	19/06/2017	19/04/2025	19/04/2025	1,000,000	3.680%
Total Non-current Loans					25,000,000	
Total Public Debt					41,050,020	4.01%
Cash & Liquid Investments						
Cash Held on Trust for Retention Obligations and Waste Minimisation Levy funding					330,000	
Call Deposits					0	

AT 30 September 2018	Interest Rate Exposure	Loan Start Date	Loan Maturity Date	Effective Interest Reprice Date	Loan Balance	Effective Interest Rate
Cash					576,663	
Total Cash & Liquid Investments					906,663	
Public Debt Net of Investments					40,143,357	

- 5.17 Total public debt was \$41,050,020 and cash assets were \$906,663 at 30 September 2018 giving a net debt position of **\$40,143,357**.
- 5.18 The Effective Interest Rate details given in the table above is the total interest applicable to each tranche of debt; it is either the fixed rate on a Bond, or the credit margin and BKBM rate on unhedged Floating Rate Notes or the credit margin on the FRN plus the fixed rate in the associated interest rate swap contract.
- 5.19 All of Council's debt is now with the LGFA apart from the Call Advance facility with Westpac.
- 5.20 During the three months of the new financial year to 30 September 2018, three significant treasury transactions were undertaken.
- 5.21 The last remaining FRN held by an investor other than the LGFA was repaid through the issue of Commercial Paper to the LGFA. This tranche of debt is \$5 million and at repayment date the interest rate was 2.50%, made up of BKBM of 1.98% plus margin of 0.52%. The CP was issued for 90 days with BKBM of 1.91% plus margin of 0.20%. This tranche of debt is hedged with an interest rate swap and a maturity date of 22 November was selected to keep a reasonable time period away from the other CP currently on issue.
- 5.22 The second significant transaction was the issue of an FRN to fund a maturing CP on the 18 July 2018. The new FRN of \$5 million has a maturity of 18 April 2022 and issued at a margin of 0.60%. There is an associated interest swap for this debt, so reset terms were matched and the effective interest on this debt will be 4.915% made up of the fixed rate on the swap of 4.315% plus margin on the FRN of 0.60%.
- 5.23 The overall objective of these two transactions is to have all hedged debt as FRN's and unhedged debt as CP's in order to allow flexibility of issue time horizons, without upsetting any hedge relationships. Currently with the LGFA, issue periods of up to 181 days attract a margin of 0.20%, whereas issues for 182 days through to 364 days have a margin of 0.25%.
- 5.24 The issue of an FRN to the LGFA necessitated subscription to \$80,000 LGFA Borrower Notes. These are a debt instrument with interest accruing throughout the term of the note and will become payable when the associated debt council has with the LGFA is repaid. This increase in Borrower Notes is shown in the Balance Sheet under Other Financial Assets and brings the total notes subscribed to of \$480,000.

5.25 Finally the third significant treasury management transaction undertaken during the quarter was repayment of the unsecured term loan Council had with Westpac of \$375,000. This was repaid from the funds received from repayment of the advance Council had made with Inframax Construction Limited. The original advance amount was \$750,000 borrowed and advanced in November 2011, with half of the advance and loan repaid in June 2018 and the remainder of the advance repaid in July 2018.

5.26 TREASURY EVENTS SINCE 30 SEPTEMBER 2018

5.27 This treasury report portrays the debt position of Council at 30 September 2018.

5.28 Since that date to the date of this report no significant treasury management events have taken place.

5.29 INTEREST COSTS

5.30 The total actual interest paid for the period was \$416,000 against the budget of **\$649,000; \$233,000 (or 36%) less** due to a lower debt position and securing better interest rates than forecast in the EAP. Interest paid as a portion of total revenue is **5%**; Council's Treasury Policy requires that this amount not exceed 10%.

5.31 FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING

5.32 Included in the balance sheet are valuation amounts for Derivative Financial Instruments (interest rate swaps). The valuation amount is componentised into current and non-current liabilities held at balance date. At 30 June 2018 the value of the swaps was a total net liability of \$1,737,000 whereas at 30 September 2018 their net value was a liability of \$1,777,000. In accordance with the Treasury Policy the interest rate swaps valuation is recognised in the ledger at 30 June 2019.

5.33 The notional value of swap contracts in place at 30 September was \$29 million providing current interest rate risk cover plus \$5 million notional value with a future start date.

6.1 DEBTORS AND OTHER RECEIVABLES

6.2 Set out below is summary of Debtors and Other Receivables (i.e. unpaid rates and other debtor amounts owing) as at 30 September 2018 with comparatives from June 2018. Rates receivables exclude rates paid in advance (to give a more accurate picture of the receivables owing).

Receivables (Amounts in \$000's)	As at 30.06.18	As at 30.09.18	(Inc)/Dec \$	(Inc)/Dec %
Rates Receivable	2,309	2,415	(106)	-5%
Rates Penalties	1,475	1,767	(292)	-20%
Rates and Penalties Receivable	3,784	4,182	(398)	-11%
Extraordinary Water Charges	297	153	144	48%

Receivables (Amounts in \$000's)	As at 30.06.18	As at 30.09.18	(Inc)/Dec \$	(Inc)/Dec %
Total Rates receivable	4,081	4,335	-254	-6%
NZ Transport Agency Subsidy	1,560	2,007	(447)	-29%
Ministry of Health Subsidy	0	0	0	0%
Other Receivables	1,555	711	844	54%
Other Receivables	3,115	2,718	397	13%
Gross Receivables	7,196	7,053	143	2%
Less Provision for Doubtful Debts	(1,865)	(1,955)	90	-5%
Total Receivables	5,331	5,098	233	4%

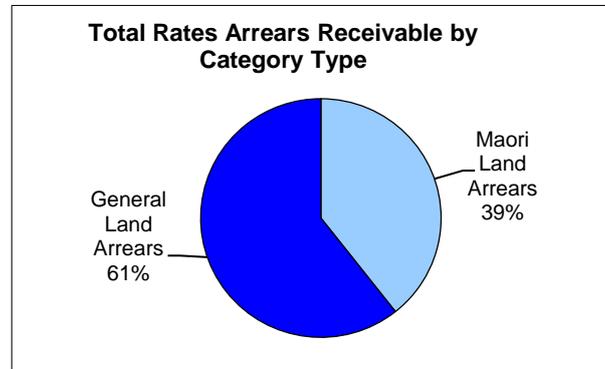
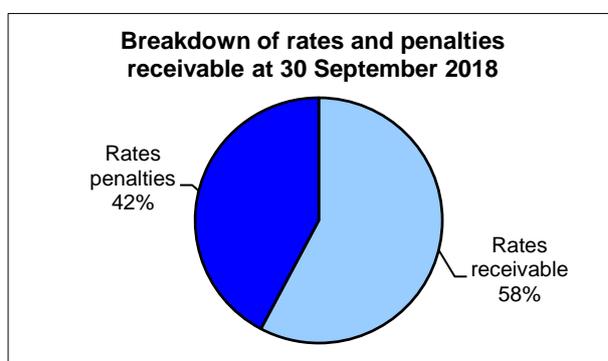
7.1 RATES AND PENALTIES RECEIVABLE

7.2 Current year rates

7.3 First instalment was issued, due by 31 August. The collection percentage was 94% (2017: 96%).

7.4 Rates Receivables (excluding metered water rates)

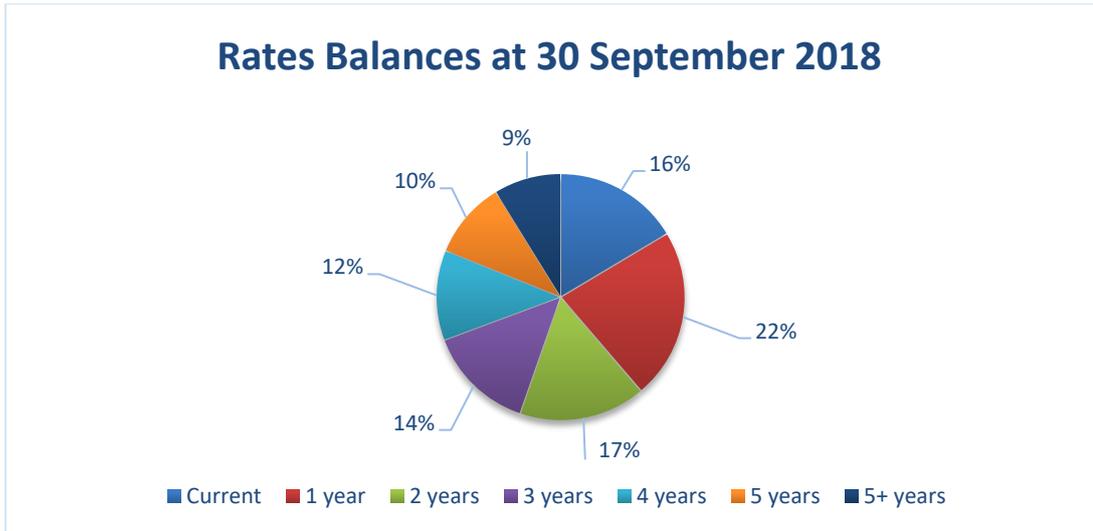
7.5 There was \$4.18 million of rates and penalties outstanding at 30 September 2018. This amount excludes rates paid in advance on future instalments. This total is made up of rates of \$2.41 million and penalties of \$1.76 million.



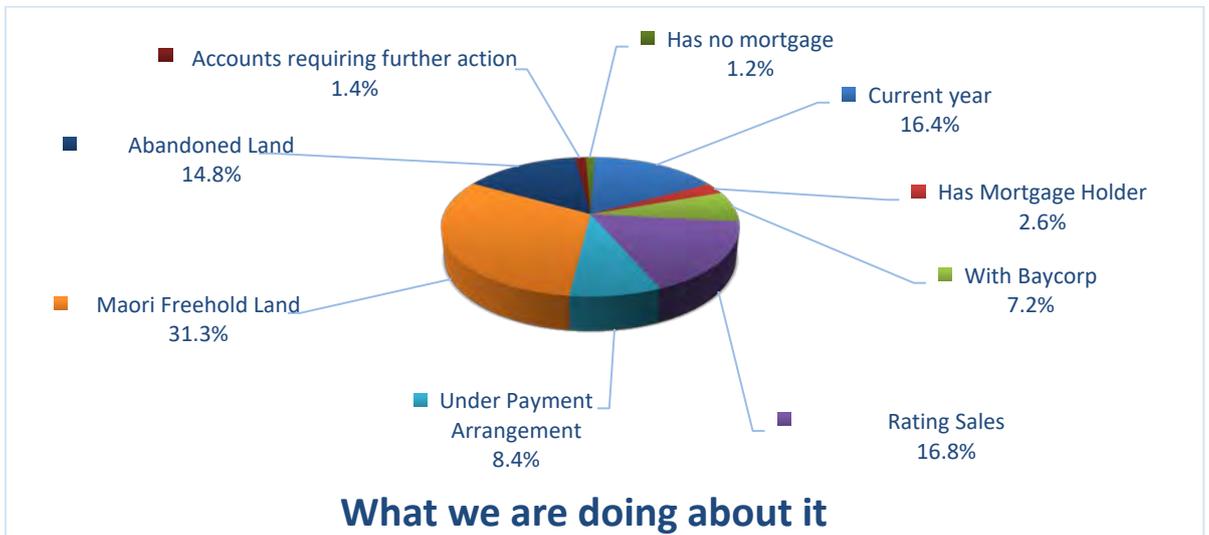
7.6 Rates and penalties receivable increased by \$398,000 since June 2018. Of this increase, rates receivable increased by \$106,000 and rates penalties increased by \$292,000.

7.7 A total of \$104K of rates and penalties remissions have been entered against a full year's budget (\$290K).

7.8 The following graph illustrates the ageing of the rates receivable balance. Of the outstanding balance of \$4.18 million, \$685K (16%) relates to current year, \$936K (22%) for the 2017/2018 year rates and the balance spread across the remaining years in a diminishing fashion.



- 7.9 The outstanding balance of rates is being actively managed through a variety of collection methods including lump sum payments, approved payment arrangements, demands on mortgage holders, placement of arrears with external debt collection agency and initiating properties for abandoned land and rating sale processes.
- 7.10 For the three months to 30 September 2018, arrears have been reduced by \$288,000 (8%) of the \$3,784,000 that was outstanding at 30 June 2018.
- 7.11 The action being taken on outstanding balances is shown in the following graph:



- 7.12 Recovery of arrears with the bank or financial institution that hold the mortgage over a property is available for general land properties, where there is a mortgage registered on the title. Where a property is identified as having a mortgage, a notice is sent to the owner and mortgage holder. If the arrears are not paid within 3 months a demand is made on the mortgage holder to pay the arrears. There are 47 properties with arrears total \$109,000 that will be demanded in November if not paid prior.
- 7.13 Off the arrears owing at 30 September 16% (\$1.37m) relates to Maori freehold land.

- \$351,066 are under some form of payment arrangement
- 29 Properties totaling \$702,000 have been identified for rating sale.
- In addition to this, there are \$620,000 of arrears relating to 41 properties that meet the criteria for abandoned land and are being progressed through the abandoned land process.
- A further \$106,000 of arrears requires further action. These properties will be reviewed for mortgages and the mortgage holder notified of the arrears. Some of these properties where no mortgage exists have been identified to be placed with an external debt collection in the next quarter.

7.14 Other Debtors Receivable

- 7.15 At 30 September 2018 'Other Receivables' totalled \$2.718 million of which \$50,953 was due and owing for more than three months. The three month and over receivables include dog registrations and infringements and other sundry debtors.

7.16 Other Matters

- 7.17 New Zealand Mutual Liability Riskpool is a mutual fund created and owned by local authorities to provide long term, affordable legal and professional liability protection since 1997.

- 7.18 Riskpool ceased to offer public liability and professional indemnity cover from 1 July 2017 due to declining support from the sector. At 30 June 2018, Riskpool's accounts showed a deficit of \$7.4 million. WDC is a member of Riskpool.

- 7.19 Membership to Riskpool is by Fund Year and membership only ends when the Fund Year is closed. The Fund year covers Riskpool's year of operation ie, Fund year 10 relates to the year ending 30 June 2007, being Riskpool's 10th year of operation.

- 7.20 Members were notified on 12 October 2018 that Riskpool's financial position and deteriorating claims experience in 2017/18 means at least one interim call (contribution) would be required from members before a final call is made on wind up.

- 7.21 The total call will be \$6 million, split \$3 million each for Fund years 7 and 10. Under 11.3 of the Trust Deed, Council is obligated to meet the call amount where it becomes apparent to the Board that as a result of the unexpected or exceptional circumstances the fund for that Fund Year will be insufficient to meet claims payable from the Fund.

- 7.22 The interim call amount for Waitomo District Council is \$23,467 which is payable on 1 July 2019. Members were also advised that a further final call is likely in 2022 or 2023. The amount is unknown at this time however is expected to be less than the interim call amount.

- 7.23 The financial statements for year ended 30 June 2018 were not adjusted for this amount however a disclosure relating to the contingent liability was included in the notes to the financial statements.

- 7.24 The payment of this Call is not included within Council's budget for 2018/19 nor has it been forecast in the LTP 2018-28.

Suggested Resolution

1. The business paper on Financial Report for the period ended 30 September 2018 be received.



VIBHUTI CHOPRA
GROUP MANAGER – CORPORATE SERVICES

19 October 2018

Attachment:

1. Bancorp Treasury Services Limited: Treasury Report for Waitomo District Council for the quarter ended 30 September 2018	A411387
2. Statement of Service Performance Report on Levels of Service and Key Performance Indicators	A411386

Appendix 1: Cost of Service Statements

The reasons for variance have been set out in sections 3.4 and 3.5 in the main body of the report and further details are also contained in the COSS for each activity that follows.

Summary Cost of Service (Amounts in \$000's)	Unaudited Actual 2017/18	LTP Budget 2018/19	YTD Budget Sept 2018	Actual Sept 2018	Variance Sept 2018	% Variance
Direct Operating Expenditure						
- Leadership	986	510	109	89	(20)	
- Community Service	2,019	2,390	681	663	(18)	
- Community Development	838	1,973	238	246	8	
- Compliance	216	238	62	37	(25)	
- Solid Waste Management	999	1,318	291	292	1	
- Stormwater Drainage	305	159	63	52	(11)	
- Resource Management	89	321	65	101	36	
- Sewerage	1,699	1,761	470	338	(132)	
- Water Supply	2,146	1,571	429	343	(86)	
- Roads and Footpaths	6,474	6,279	1,618	1,832	214	
Total Direct Operating Expenditure	15,771	16,520	4,026	3,993	(33)	-1%
Indirect Expenditure						
- Allocated Costs	4,115	4,897	1,178	1,201	23	
- Interest	1,764	2,598	649	416	(233)	
- Depreciation	5,812	5,905	1,475	1,464	(11)	
Total Indirect Expenditure	11,691	13,400	3,302	3,081	(221)	-7%
TOTAL EXPENDITURE	27,462	29,920	7,328	7,074	(254)	-3%
Operating Revenue						
- Leadership	(80)	(100)	(42)	(36)	6	
- Community Service	(600)	(688)	(118)	(132)	(14)	
- Community Development	(155)	(44)	(13)	(12)	1	
- Compliance	(513)	(453)	(233)	(246)	(13)	
- Stormwater Drainage	(12)	0	0	(2)	(2)	
- Resource Management	(172)	(85)	(21)	(49)	(28)	
- Solid Waste Management	(1,386)	(1,120)	(280)	(341)	(61)	
- Sewerage	(1,140)	(860)	(222)	(195)	27	
- Water Supply	(19)	0	0	(5)	(5)	
- Roads and Footpaths	(7,872)	(9,334)	(1,914)	(1,744)	170	
Total Operating Revenue	(11,949)	(12,684)	(2,843)	(2,762)	81	-3%
Rates Revenue						
- General Rate	(3,665)	(4,046)	(1,012)	(1,021)	(9)	
- UAGC	(3,279)	(3,355)	(839)	(851)	(12)	
- Targeted Rate	(11,604)	(11,905)	(2,976)	(3,003)	(27)	
- Rates Penalties	(426)	(420)	(360)	(363)	(3)	
- Metered Water Rates	(753)	(750)	(187)	(123)	64	
Total Rates Revenue	(19,727)	(20,476)	(5,374)	(5,361)	13	0%
TOTAL REVENUE	(31,676)	(33,160)	(8,217)	(8,123)	94	-1%
Net Operating Cost/(Surplus)	(4,214)	(3,240)	(889)	(1,049)	(160)	18%

The actuals for 2017/18 excludes rates on Council properties from both revenue and expenditure.

Governance: Leadership and Investments

GOVERNANCE: LEADERSHIP AND INVESTMENTS (Amounts in \$000's)	Unaudited Actual 2017/18	LTP Budget 2018/19	YTD Budget Sept 2018	Actual Sept 2018	Variance Sept 2018	% Variance
Direct Expenditure						
- Representation	325	297	68	56	(12)	
- Planning & Policy & Monitoring	449	106	10	10	0	
- District and Urban Development	178	0	0	0	0	
- Investments	101	96	31	23	(8)	
- Treasury Management and Overhead Accounts	(67)	11	0	0	0	
Total Direct Expenditure	986	510	109	89	(20)	-18%
- Allocated Costs	1,274	952	192	278	86	
- Interest	264	331	83	59	(24)	
- Depreciation	468	489	122	113	(9)	
Total Operating Expenditure	2,992	2,282	506	539	33	7%
Operating Revenue						
- Representation	(12)	(11)	(1)	(1)	0	
- Investments	(52)	(77)	(38)	(32)	6	
- Treasury Management and Overhead Accounts	(16)	(12)	(3)	(3)	0	
Total Operating Revenue	(80)	(100)	(42)	(36)	6	-14%
Net Operating Cost/(Surplus)	2,912	2,182	464	503	39	8%

The budget for Representation operating revenue excludes rates penalties revenue which is disclosed as part of rates revenue in the Combined Cost of Service Statement on the previous page.

Net Operating Cost for the Governance Activity was 8% (\$39,000) more than budget for the period ended 30 September 2018.

Direct Expenditure was 18% (\$20,000) less than budget for the period.

- Expenditure for the Investments activity was less than budget for the period as no expenditures incurred for the quarry assessment work.

Operating Revenue was 14% (\$6,000) less than budget for the period.

- Revenue from the investment activity was less than budget due to no interest received from ICL loan. This debt was repaid in full in July 2018. The reduction in revenue was partly offset by more revenue being received for quarry royalties.

Community Service

COMMUNITY SERVICE (Amounts in \$000's)	Unaudited Actual 2017/18	LTP Budget 2018/19	YTD Budget Sept 2018	Actual Sept 2018	Variance Sept 2018	% Variance
Direct Expenditure						
- Parks and Reserves	402	551	148	116	(32)	
- Housing and Other Property	386	435	211	224	13	
- Recreation and Culture	472	537	103	148	45	
- Public Amenities	686	757	192	153	(39)	
- Safety	73	110	27	22	(5)	
Total Direct Expenditure	2,019	2,390	681	663	(18)	-3%
- Allocated Costs	517	930	233	227	(6)	
- Interest	118	179	45	29	(16)	
- Depreciation	860	859	215	222	7	
Total Operating Expenditure	3,514	4,358	1,174	1,141	(33)	-3%
Operating Revenue						
- Parks and Reserves	(25)	(27)	(7)	(6)	1	
- Housing and Other Property	(378)	(303)	(76)	(69)	7	
- Recreation and Culture	(143)	(144)	(21)	(26)	(5)	
- Public Amenities	(54)	(214)	(14)	(31)	(17)	
Total Operating Revenue	(600)	(688)	(118)	(132)	(14)	12%
Net Operating Cost/(Surplus)	2,914	3,670	1,056	1,009	(47)	-4%

Net Operating Cost was 4% (\$47,000) less than budget for the period ended 30 September 2018.

Direct Expenditure was 3% (\$18,000) less than budget for the period.

- Expenditure for Public Amenities, and Parks and Reserves activities are tracking less than budget as repairs and maintenance expenditure is only spent when required. This was partly offset by increased expenditures incurred for repair and maintenance work for Aquatic Centre and Housing and Other Property.

Operating Revenue was 12% (\$14,000) more than budget for the period.

- Included in the Public Amenities the revenue for cemetery fees was more than budget for the period.

Community Development

COMMUNITY DEVELOPMENT (Amounts in \$000's)	Unaudited Actual 2017/18	LTP Budget 2018/19	YTD Budget Sept 2018	Actual Sept 2018	Variance Sept 2018	% Variance
Direct Expenditure						
- Community Support	505	1,644	183	192	9	
- District Development	333	329	55	54	(1)	
- Agencies	0	0	0	0	0	
Total Direct Expenditure	838	1,973	238	246	8	3%
- Allocated Costs	594	748	187	154	(33)	
- Interest	0	2	0	0	0	
- Depreciation	10	17	4	3	(1)	
Total Expenditure	1,442	2,740	429	403	(26)	-6%
Operating Revenue						
- Community Support	0	(2)	0	(1)	(1)	
- District Development	(155)	(42)	(13)	(11)	2	
- Agencies	0	0	0	0	0	
Total Operating Revenue	(155)	(44)	(13)	(12)	1	-8%
Net Operating Cost/(Surplus)	1,287	2,696	416	391	(25)	-6%

Net Operating Cost for the Community Development Activity was 6% (\$25,000) less than budget for the period ended 30 September 2018.

Direct Expenditure was 3% (\$8,000) more than budget for the period.

Operating Revenue was 8% (\$1,000) less than budget for the period.

Compliance

Compliance (Amounts in \$000's)	Unaudited Actual 2017/18	LTP Budget 2018/19	YTD Budget Sept 2018	Actual Sept 2018	Variance Sept 2018	% Variance
Direct Expenditure						
- Compliance	216	238	62	37	(25)	
Total Direct Expenditure	216	238	62	37	(25)	-40%
- Allocated Costs	724	770	192	182	(10)	
- Interest	1	1	0	0	0	
- Depreciation	5	5	1	1	0	
Total Expenditure	946	1,014	255	220	(35)	-14%
Operating Revenue						
- Compliance	(513)	(453)	(233)	(246)	(13)	
Total Operating Revenue	(513)	(453)	(233)	(246)	(13)	6%
Net Operating Cost/(Surplus)	433	561	22	(26)	(48)	-218%

Net Operating Surplus for the Compliance Activity was 218% (\$48,000) more than budget for the period ended 30 September 2018.

Direct Expenditure was 40% (\$25,000) less than budget for the period.

- Expenditures for contractors' costs for animal control, earthquake prone building work (EPB) and environmental health were less than budget.

Operating Revenue was 6% (\$13,000) more than budget for the period.

- Building Control revenue was more than budget for the period. Building consent revenue received for the period to September was \$56,000 from 56 processed consents (with a total value of \$4,577,399), slightly lower than that received from 46 processed consents for the same period last year (with a total value \$9,460,492). This was partly offset by reduced health act licence fee revenue.
- The grant contribution from the Central Government has been carried over to current year. These funds are specific for the neutering of the menacing of dogs campaign. Any unspent funds will be carried over to the next financial year.

Resource Management

RESOURCE MANAGEMENT (Amounts in \$000's)	Unaudited Actual 2017/18	LTP Budget 2018/19	YTD Budget Sept 2018	Actual Sept 2018	Variance Sept 2018	% Variance
Direct Expenditure						
- District Plan Administration	89	71	10	28	18	
- District Planning	0	250	55	73	18	
Total Direct Expenditure	89	321	65	101	36	55%
- Allocated Costs	183	610	153	145	(8)	
- Interest	0	27	7	4	(3)	
Total Expenditure	272	958	225	250	25	11%
Operating Revenue						
- District Plan Administration	(172)	(85)	(21)	(49)	(28)	
Total Operating Revenue	(172)	(85)	(21)	(49)	(28)	133%
Net Operating Cost/(Surplus)	100	873	204	201	(3)	-1%

Net Operating Cost for the Resource Management Activity was 1% (\$3,000) less than budget for the period ended 30 September 2018.

Direct Expenditure was 55% (\$36,000) more than budget for the period.

- This is mainly due to planning consultant costs to process complex consents, which will be recovered from resource consent applicants.
- Expenditures incurred for the period includes the initial work for the structure planning and town concept planning for Mokau and Te Kuiti as part of the District Plan Review. The structure/town concept planning project is well underway, along with a range of other key consultant work-streams related to the District Plan Review (i.e. coastal hazards, landscapes, flood modelling, and significant natural areas and ecology). Additional expenditure will be incurred on an on-going basis in relation to the District Plan project.

Operating Revenue was 133% (\$28,000) more than budget for the period.

- District Plan Administration revenue is more than budget due to an increase in resource consent revenue. The reason for increase in resource consent revenue is due to the complexity of applications being processed and cost recovery of actual processing costs from applicants. There have been 11 resource consents processed for the period to 30 September 2018.

Solid Waste Management

SOLID WASTE MANAGEMENT (Amounts in \$000's)	Unaudited Actual 2017/18	LTP Budget 2018/19	YTD Budget Sept 2018	Actual Sept 2018	Variance Sept 2018	% Variance
Direct Expenditure						
- Collection	302	289	67	55	(12)	
- Landfill Management	697	1,029	224	237	13	
Total Direct Expenditure	999	1,318	291	292	1	0%
- Allocated Costs	395	389	97	86	(11)	
- Interest	183	255	64	38	(26)	
- Depreciation	86	91	23	17	(6)	
Total Expenditure	1,663	2,053	475	433	(42)	-9%
Operating Revenue						
- Collection	(132)	(137)	(34)	(27)	7	
- Landfill Management	(1,254)	(983)	(246)	(314)	(68)	
Total Operating Revenue	(1,386)	(1,120)	(280)	(341)	(61)	22%
Net Operating Cost/(Surplus)	277	933	195	92	(103)	-53%

Net Operating Cost for the Solid Waste Management Activity was 53% (\$103,000) less than budget for the period ended 30 September 2018.

Direct Expenditure was \$1,000 more than budget for the period.

- Expenditures for collection was less than budget for landfill disposal costs.
- Landfill management costs were more than budget due to waste minimisation audit conducted for Te Kuiti, Piopio and Mokau Kerbside collections.

Operating Revenue was 22% (\$61,000) more than budget for the period.

- Revenue received at the landfill was more than budget due to increase in general refuse charges, special waste and green waste.

Stormwater Drainage

STORMWATER DRAINAGE (Amounts in \$000's)	Unaudited Actual 2017/18	LTP Budget 2018/19	YTD Budget Sept 2018	Actual Sept 2018	Variance Sept 2018	% Variance
Direct Expenditure						
- Te Kuiti Stormwater	286	134	57	50	(7)	
- Rural Stormwater	19	25	6	2	(4)	
Total Direct Expenditure	305	159	63	52	(11)	-17%
- Allocated Costs	25	50	12	14	2	
- Interest	3	4	1	1	0	
- Depreciation	181	180	45	47	2	
Total Expenditure	514	393	121	114	(7)	-6%
Operating Revenue						
- Te Kuiti Stormwater	(12)	0	0	(1)	(1)	
- Rural Stormwater	0	0	0	(1)	(1)	
Total Operating Revenue	(12)	0	0	(2)	(2)	0%
Net Operating Cost/(Surplus)	502	393	121	112	(9)	-7%

Net Operating Cost for the Stormwater Drainage Activity was 7% (\$9,000) less than budget for the period ended 30 September 2018.

Direct Expenditure was 17% (\$11,000) less than budget for the period.

- Expenditures for internal WSBU charges and Te Kuiti storm water drainage maintenance were less than budget.

Operating Revenue was \$2,000 more than budget for the period for connection fees.

Sewerage and Treatment and Disposal of Sewage

SEWERAGE AND TREATMENT AND DISPOSAL OF SEWAGE (Amounts in \$000's)	Unaudited Actual 2017/18	LTP Budget 2018/19	YTD Budget Sept 2018	Actual Sept 2018	Variance Sept 2018	% Variance
Direct Expenditure						
- Waitomo Village	6	5	1	0	(1)	
- Te Kuiti	1,415	1,460	397	303	(94)	
- Te Waitere	17	41	10	1	(9)	
- Benneydale	140	108	28	7	(21)	
- Piopio	121	147	34	27	(7)	
Total Direct Expenditure	1,699	1,761	470	338	(132)	-28%
- Allocated Costs	196	211	53	55	2	
- Interest	343	478	119	79	(40)	
- Depreciation	770	778	194	202	8	
Total Expenditure	3,008	3,228	836	674	(162)	-19%
Operating Revenue						
- Te Kuiti	(1,123)	(850)	(212)	(169)	43	
- Te Waitere	(2)	0	0	0	0	
- Benneydale	(3)	(1)	(1)	(1)	0	
- Piopio	(12)	(9)	(9)	(25)	(16)	
Total Operating Revenue	(1,140)	(860)	(222)	(195)	27	-12%
Net Operating Cost/(Surplus)	1,868	2,368	614	479	(135)	-22%

Net Operating Cost for the Sewerage Activity was 22% (\$135,000) below budget for the period ended 30 September 2018.

Direct Expenditure was 28% (\$132,000) less than budget for the period.

- Expenditure for power, reticulation day works maintenance and chemicals for Te Kuiti were less than budget. This was partly offset by increased waste water treatment plant variable costs.
- Internal WSU costs are also less than budget for Benneydale, Te Waitere and Piopio schemes.
- Investigation and planning expenditure was incurred for the possible supply of sewerage services for Waitomo Village.

Operating Revenue was 12% (\$27,000) less than budget for the period.

- Trade waste revenue for Te Kuiti is less than forecast due to existing process in place for better pre-treatment of trade waste to reduce nutrient loads in their discharge.
- Connection fees revenue has also been received for Te Kuiti and Piopio.

Water Supply

WATER SUPPLY (Amounts in \$000's)	Unaudited Actual 2017/18	LTP Budget 2018/19	YTD Budget Sept 2018	Actual Sept 2018	Variance Sept 2018	% Variance
Direct Expenditure						
- Te Kuiti	1,546	986	264	229	(35)	
- Mokau	284	204	58	32	(26)	
- Piopio	210	259	68	44	(24)	
- Benneydale	88	117	38	38	0	
- Waitomo Village	18	5	1	0	(1)	
Total Direct Expenditure	2,146	1,571	429	343	(86)	-20%
- Allocated Costs	207	221	55	57	2	
- Interest	276	533	133	75	(58)	
- Depreciation	560	638	159	122	(37)	
Total Expenditure	3,189	2,963	776	597	(179)	-23%
Operating Revenue						
- Te Kuiti	(7)	0	0	(2)	(2)	
- Mokau	(4)	0	0	0	0	
- Piopio	0	0	0	(3)	(3)	
- Benneydale	(2)	0	0	0	0	
Total Operating Revenue	(13)	0	0	(5)	(5)	
Subsidy Revenue						
- Te Kuiti	0	0	0	0	0	
- Mokau	(6)	0	0	0	0	
Total Subsidy Revenue	(6)	0	0	0	0	
Total Revenue	(19)	0	0	(5)	(5)	
Net Operating Cost/(Surplus)	3,170	2,963	776	592	(184)	-24%

Net Operating Cost for the Water Supply Activity was 24% (\$184,000) less than budget for the period ended 30 September 2018.

Direct Expenditure was 20% (\$86,000) less than budget for the period.

- Expenditure for chemicals, electricity and pump station maintenance and operational costs were less than budget for Te Kuiti. These were partly offset by increased reticulation maintenance and internal WSBU charges.
- Expenditure for internal WSBU and overall operational expenditure was less for Piopio and Mokau.

Operating Revenue was \$5,000 more than budget for the period.

- Revenue received is for new water connections in Te Kuiti and Piopio.

Roads and Footpaths

ROADS AND FOOTPATHS (Amounts in \$000's)	Unaudited Actual 2017/18	LTP Budget 2018/19	YTD Budget Sept 2018	Actual Sept 2018	Variance Sept 2018	% Variance
Direct Expenditure						
- Subsidised Roads	6,356	6,152	1,592	1,817	225	
- Unsubsidised Roads	118	127	26	15	(11)	
Total Direct Expenditure	6,474	6,279	1,618	1,832	214	13%
- Allocated Costs	0	16	4	3	(1)	
- Interest	576	788	197	131	(66)	
- Depreciation	2,872	2,848	712	737	25	
Total Expenditure	9,922	9,931	2,531	2,703	172	7%
Operating Revenue						
- Subsidised Roads	(7,772)	(9,237)	(1,906)	(1,732)	174	
- Unsubsidised Roads	(100)	(97)	(8)	(12)	(4)	
Total Operating Revenue	(7,872)	(9,334)	(1,914)	(1,744)	170	-9%
Net Operating Cost/(Surplus)	2,050	597	617	959	342	55%
Subsidised Roads Maintenance (Excluding losses on asset disposals)	6,281	6,152	1,583	1,808	225	
Subsidised Roads Capital	5,509	6,293	989	500	(489)	
Combined Maintenance and Capital	11,790	12,445	2,572	2,308	(264)	-10%
Subsidy Revenue for Subsidised Roads	(7,619)	(9,101)	(1,873)	(1,706)	167	-9%

Net Operating Cost for the Roads and Footpaths Activity was 55% (\$342,000) more than budget for the period ended 30 September 2018.

Direct Expenditure was 13% (\$214,000) more than budget for the period.

- Expenditures of \$422,000 incurred for the Emergency Re-instatement (first response) and minor emergency events activity due to weather related damages on the network.
- Unsealed pavement maintenance expenditures were more than budget for the period.
- The overspent items detailed above are partly offset by reduced expenditures in sealed pavement maintenance.
- Unsubsidised roads expenditure was less than budget for street cleaning work.

Operating Revenue was 9% (\$170,000) less than budget for the period.

- Subsidy revenue is based on both maintenance and capital expenditure and for most work categories the subsidy rate is 73%. As capital expenditure was less than forecast the subsidy associated with this is also less than budget. In addition to that the subsidy rate for LED street lights upgrade is 85%, which was not budgeted for.

Appendix 2: Balance Sheet as at 30 September 2018

STATEMENT OF FINANCIAL POSITION (Amounts in \$000's)	Unaudited Actual 30 Jun 2018	Actual Position 30 Sept 2018	Movement from 30 Jun 2018	LTP 30 Jun 2019	Variance from LTP
Equity					
- Accumulated Funds	210,881	211,930	1,049	215,202	3,272
- Other Reserves	25,225	25,225	0	15,006	(10,219)
- Revaluation Reserve	77,553	77,553	0	74,535	(3,018)
TOTAL EQUITY	313,659	314,708	1,049	304,743	(9,965)
Current Assets					
- Cash and Cash Equivalents	1,762	907	(855)	298	(609)
- Inventory	84	84	0	49	(35)
- Other Financial Assets	378	3	(375)	3	0
- Receivables (Non-exchange)	4,800	4,567	(233)	5,966	1,399
- Receivables (Exchange)	531	531	0	395	(136)
Total Current Assets	7,555	6,092	(1,463)	6,711	619
Current Liabilities					
- Payables and Deferred Revenue (Exchange)	3,718	2,037	(1,681)	4,109	2,072
- Payables and Deferred Revenue (Non-exchange)	878	878	0	526	(352)
- Current Portion of Borrowings	21,737	16,050	(5,687)	15,000	(1,050)
- Provisions	3	3	0	26	23
- Employee Entitlements	616	543	(73)	549	6
- Derivative Financial Instruments	605	605	0	608	3
Total Current Liabilities	27,557	20,116	(7,441)	20,818	702
NET WORKING CAPITAL	(20,002)	(14,024)	5,978	(14,107)	(83)
Non Current Assets					
- Property Plant and Equipment	342,203	342,194	(9)	347,181	4,987
- Intangible Assets	314	314	0	525	211
- Investment Property	788	788	0	750	(38)
- Other Financial Assets	418	498	80	407	(91)
- Investment in CCO & Civic Financial Services Ltd	11,820	11,820	0	4,520	(7,300)
Total Non Current Assets	355,543	355,614	71	353,383	(2,231)
Non Current Liabilities					
- Borrowings	20,000	25,000	5,000	32,565	7,565
- Provisions	750	750	0	940	190
- Derivative Financial Instruments	1,132	1,132	0	1,028	(104)
Total Non Current Liabilities	21,882	26,882	5,000	34,533	7,651
NET ASSETS	313,659	314,708	1,049	304,743	(9,965)

TREASURY REPORT

FOR



FOR THE QUARTER ENDED 30 SEPTEMBER 2018



BANCORP

BANCORP TREASURY SERVICES LIMITED

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1. MARKET ENVIRONMENT

1.1 GLOBAL MARKETS OVERVIEW (FOR THE SEPTEMBER 2018 QUARTER)

Financial markets' main attention in the September quarter was on trade disputes, central bank actions and emerging market economies, with the US again at the centre.

The US imposed tariffs on USD250 billion of Chinese goods over the September and threatened another round of tariffs if China retaliated, which it did. Markets are expecting the US to apply yet more tariffs on Chinese goods. On a positive note, the US, Canada and Mexico agreed in principle to replace the North American Free Trade Agreement ("NAFTA") with a new agreement to be called the US-Mexico-Canada Agreement.

Emerging market worries centred on the potential ripple effects of trade tariffs on global economic growth and commodity prices, and the impact of the stronger US dollar and higher US interest rates on emerging market economies. Highly indebted, commodity exporting, emerging market economies are seen as facing the highest risk from trade war escalations.

US economic data remains solid, especially for areas relevant to the Federal Reserve ("Fed") – inflation, unemployment and growth. As signalled by Fed policymakers and universally expected by markets, the Fed raised the Fed Funds rate by 25 basis points to a range of 2.00% to 2.25% in September.

The latest Fed members' forecasts for the Fed Funds rate show median forecasts for the Fed Funds rate at the end of 2018, 2019 and 2020 unchanged, implying a fourth rate rise this year (picked for December) and three next year. The forecast now extends to 2021 and implies that the Fed's last interest rate rise in this cycle will be in 2020.

The Bank of Canada and Bank of England raised their respective target cash rates by 25 basis points in the quarter to 1.50% and 0.75% respectively. The European Central Bank, Bank of Japan and Reserve Bank of Australia steadfastly maintained their respective stances.

US Treasury yields were higher over the quarter because of the upward pressure from delivered and expected Fed interest rate rises. The 2 year Treasury yield ended September at 2.80%, from 2.52% at the end of June. The benchmark 10 year Treasury yield rose above the psychologically important 3.00% barrier in the quarter and ended September at 3.06%, from 2.86% at the end of the June quarter.

1.2 NEW ZEALAND MARKET OVERVIEW (FOR THE SEPTEMBER 2018 QUARTER)

	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
30-Jun-18	1.75%	2.00%	2.14%	2.26%	2.53%	2.77%	3.02%
30-Sep-18	1.75%	1.91%	2.04%	2.15%	2.40%	2.63%	2.90%
Change	Nil	-0.09%	-0.10%	-0.11%	-0.13%	-0.14%	-0.12%

Economic data over the September quarter again showed the New Zealand economy as performing well but coming off the boil.

GDP rose 1.0% in the June quarter, a lift from March quarter's 0.5% rise and smashing market and Reserve Bank of New Zealand ("RBNZ") expectations of 0.8% and 0.5% respectively. The June quarter's GDP was 2.8% higher than the June 2017 quarter, up from 2.5% in March. GDP per capita lifted to 0.5% in the June quarter, from flat in the March quarter.

The unemployment rate ticked higher in the June quarter, from 4.4% to 4.5%, but that was largely on the back of a lift in the participation rate from 70.8% to 70.9%. It was the first increase in the unemployment rate since the December 2016 quarter. The number of jobs added in the June quarter increased by 0.5%, bringing the gain in employment for the year to June to 3.7%, well up on the 3.1% in the year to March.

CPI rose 0.4% over the June quarter, from 0.5% in March, taking the annual increase to 1.5%, from 1.1%. The Reserve Bank of New Zealand's ("RBNZ") CPI sectoral factor model rose by 1.7% in the June year, the highest increase since June 2011.

The cost of housing remains the largest contributor to New Zealand inflation. Higher petrol prices over the quarter (up 3.2%) were somewhat offset by lower car prices, resulting in a meagre 0.2% rise in overall transport costs. It is likely that the regional fuel tax, that took effect on 1 July, will push up transport inflation over the current quarter.

RBNZ Governor, Adrian Orr, took the markets by surprise in the August *Monetary Policy Statement* ("MPS"), which led to a revision of markets' interest rate expectations and a sharp fall in domestic interest rates to lows not seen since November 2016.

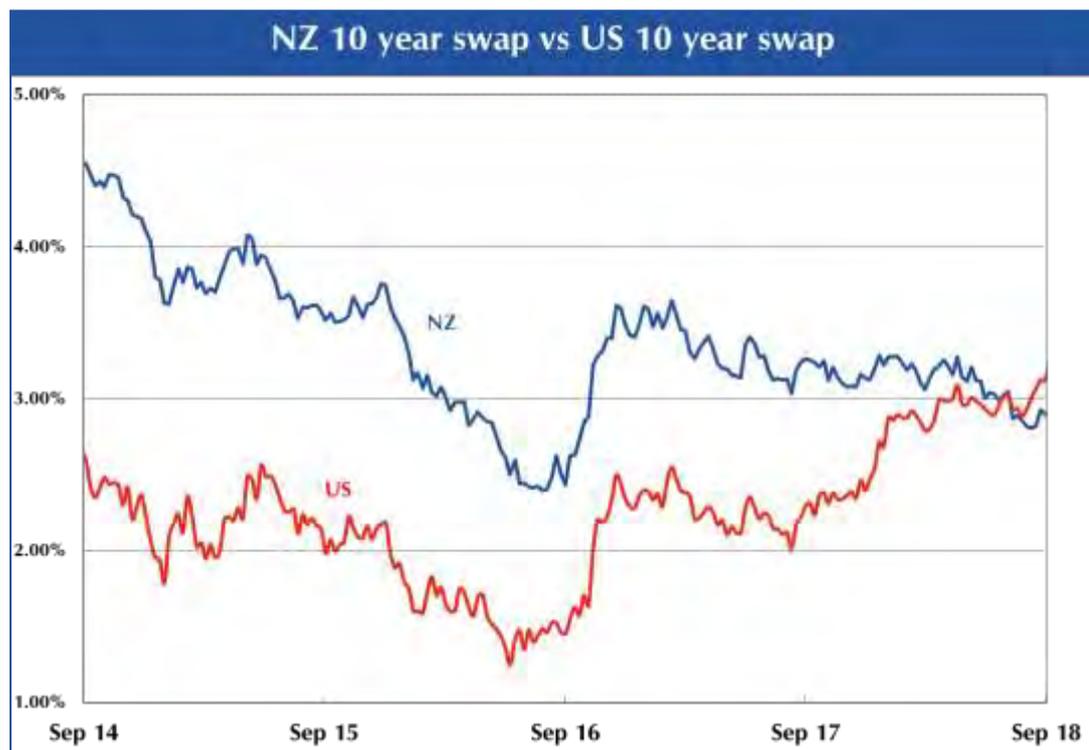
The tone of the MPS and follow up statements by senior RBNZ officials were much more dovish than markets had expected. Most significantly for financial markets, the RBNZ shifted the forecasted first Official Cash Rate ("OCR") rise from the March 2020 quarter to the December 2020 quarter and again warned that the next OCR move "*could be up or down*" and "*we will keep the OCR at an expansionary level for a considerable period.*"

In its September *OCR Review*, the RBNZ not only repeated those messages but added that the OCR will stay “at this level through 2019 and into 2020.” This point, together with the observations about “early signs of core inflation rising towards the mid-point of the target” reduced the odds that the next OCR move could be down. At the end of September, market pricing implied a 24% chance of an OCR cut in the next year although it still has the OCR rising sooner than in the RBNZ’s forecasts.

The only apparent threats to the RBNZ’s steady OCR stance are rising crude oil (and petrol) prices and increasing wage pressures. The RBNZ has said it will ‘look through’ the former and the latter has been confined to the public sector so far. Equally, the RBNZ is prepared to cut the OCR should domestic inflation and employment show signs of falling.

New Zealand swap rates were lower across the board over the September quarter, despite higher offshore interest rates, notably US Treasury yields. This is, because New Zealand is at a different stage of the economic and monetary policy cycles than most developed nations that are already raising official interest rates (US, UK, Canada) or signalling imminent unwinding of easy monetary policy settings (Eurozone).

The chart below shows the New Zealand and US 10 year swap rates going back four years and highlights the recent breakdown in the correlation between the two rates.

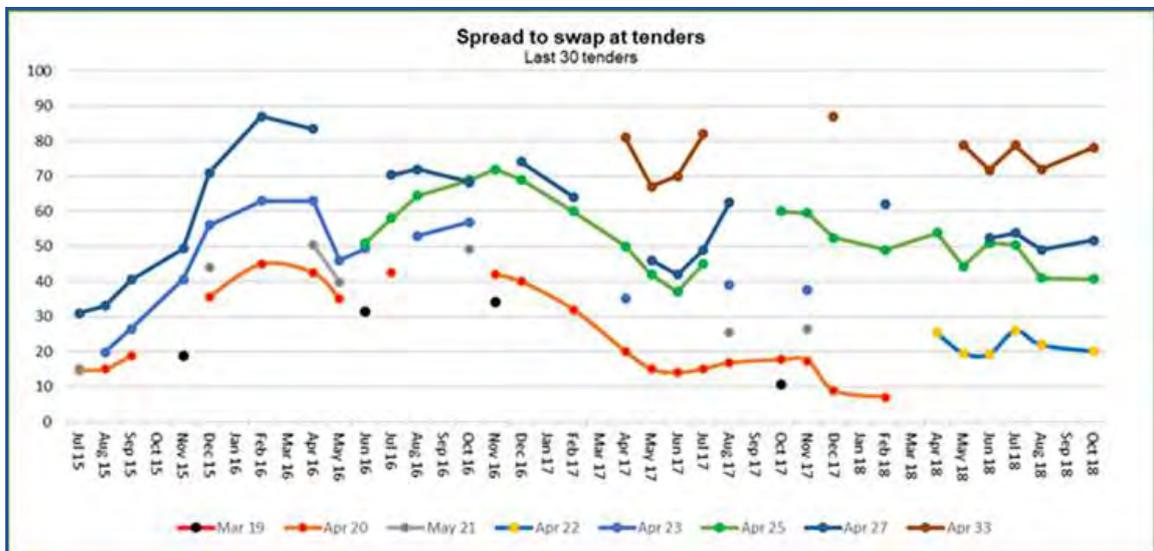


1.3 LOCAL AUTHORITY SECTOR

Listed in the table below are the credit spreads and applicable interest rates as at 30 September 2018 for Floating Rate Notes (“FRN”) and Fixed Rate Bonds (“FRB”), which Waitomo District Council (“WDC”) could use to source debt from the Local Government Funding Agency (“LGFA”).

Maturity	Credit Spread	FRN Rate	Fixed Rate Bond
April 2020	0.40%	2.32%	2.39%
May 2021	0.47%	2.39%	2.55%
April 2022	0.55%	2.47%	2.77%
April 2023	0.65%	2.37%	2.94%
April 2025	0.76%	2.68%	3.33%
April 2027	0.88%	2.80%	3.65%
April 2033	1.08%	3.00%	4.27%

The chart below illustrates the credit spreads (measured over the applicable swap rate) for all current LGFA debt dating back to July 2015.



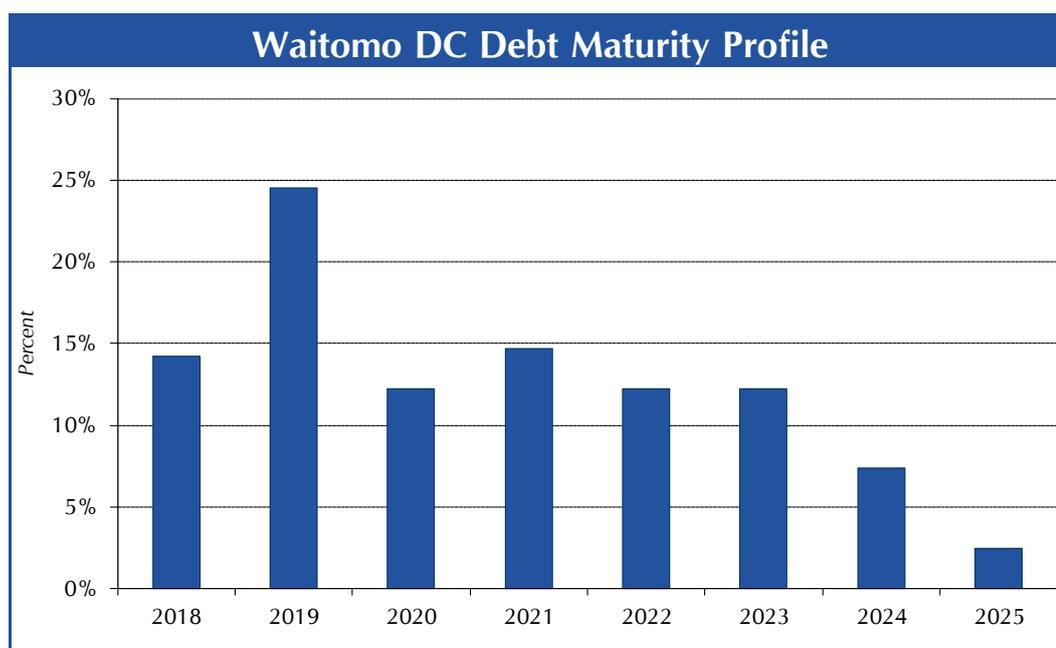
2. DEBT AND HEDGING

2.1 DEBT

As at 30 September, WDC had \$40,800,000 of external debt, down from \$41,475,000 at the end of June 2018. Of the total debt, \$40,000,000 was sourced from the LGFA, utilising a combination of Commercial Paper ("CP"), FRNs and a FRB. The balance of \$800,000 was sourced from the Westpac Bank Multi Option Credit Line Facility. A breakdown of the funding profile is contained in the table below:

Loans			
Value Date	Reprice/Maturity	Base Rate	Amount
Westpac Debt			
30-Sep-2018	01-Oct-2018	1.950%	800,000
LGFA CP			
24-Aug-2018	22-Nov-2018	1.910%	5,000,000
02-Aug-2018	30-Jan-2019	1.955%	5,000,000
LGFA Fixed Rate Bond			
19-Jun-2017	19-Apr-2025	3.680%	1,000,000
LGFA FRNs			
19-Jun-2017	28-Jun-2019	1.910%	5,000,000
18-Jul-2018	18-Apr-2022	1.925%	5,000,000
19-Jun-2017	10-Sep-2020	1.885%	5,000,000
19-Jun-2017	15-Nov-2021	1.910%	6,000,000
19-Jun-2017	18-Apr-2024	1.925%	3,000,000
19-Jun-2017	24-Apr-2023	1.915%	5,000,000
TOTAL			40,800,000

The maturity profile of WDC's drawn debt is depicted in the graph below.



Section 7.2 of WDC's Liability Management Policy ("LMP") states that "To avoid a concentration of debt maturity dates Council will, where practicable, aim to have no

more than 50% of debt subject to refinancing in any 12 month period." While this is an objective, not an actual requirement, it is nonetheless being complied with.

During the September quarter, a FRN issued in the name of WDC matured and was replaced with CP, and a maturing tranche of CP was termed out using an FRN maturing in April 2022 at a margin of 60 basis points.

2.2 HEDGING

As at 30 September 2018, WDC had eight interest rate swaps to convert a portion of the floating rate exposures into a fixed rate. Seven of the interest rate swaps are current and one is forward starting. Details of the interest rate swaps are contained in the table below:

Swaps				
Start Date	Maturity Date	Rate	Amount	Market Value
30-Aug-2013	30-Aug-2019	3.900%	3,500,000	(\$67,306)
30-Aug-2013	30-Aug-2019	3.900%	1,500,000	(\$28,845)
18-Oct-2013	20-Apr-2020	4.315%	5,000,000	(\$200,947)
11-Sep-2017	11-Sep-2020	3.780%	5,000,000	(\$171,885)
31-Mar-2014	17-May-2021	4.900%	6,000,000	(\$449,952)
18-Apr-2017	18-Apr-2023	3.950%	3,000,000	(\$221,597)
24-Jan-2017	24-Jan-2024	3.840%	5,000,000	(\$371,443)
Total current swap hedging			<u>29,000,000</u>	
Forward starting swaps				
20-Apr-2020	20-Apr-2025	3.930%	5,000,000	(\$265,402)
				<u>(\$1,777,377)</u>

There were no interest rate swap transactions undertaken during the September 2018 quarter.

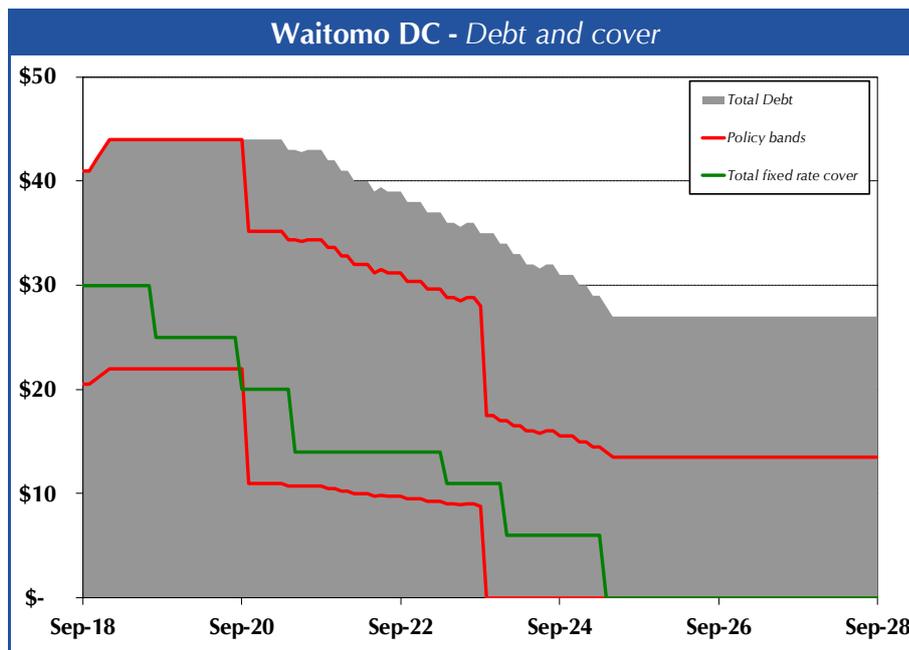
The 'marked to market' revaluation on the swap portfolio deteriorated slightly, from a loss of \$1,743,205 at the end of June 2018, to a loss of \$1,777,377 at the end of September 2018. This deterioration was due to a fall in interest rates during the quarter.

2.3 DEBT AND HEDGING PROFILE

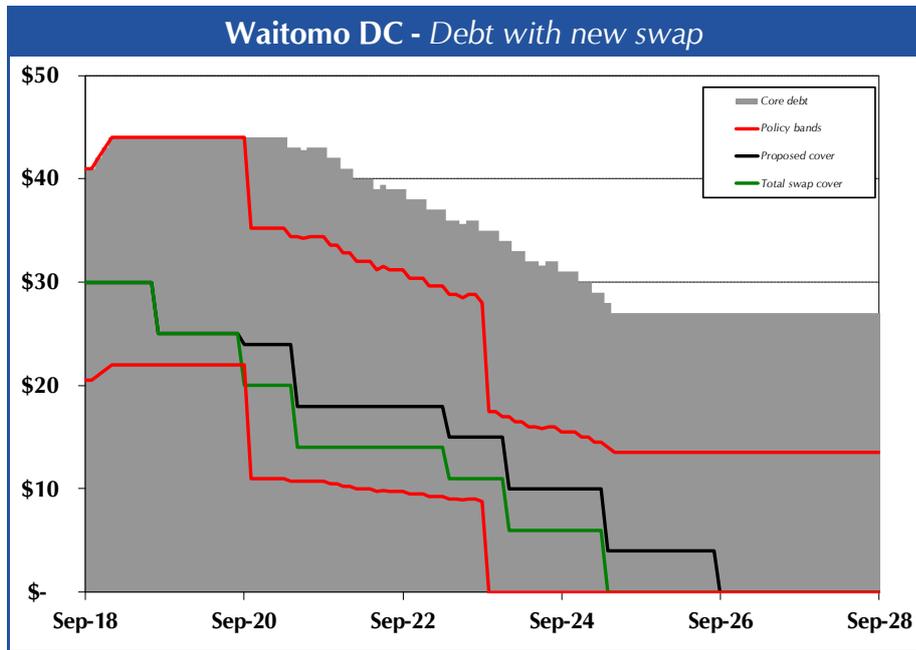
WDC manages its debt under the fixed rate hedging parameters detailed in the table on the following page.

Fixed Rate Hedging Percentages		
	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0–2 years	50%	100%
2–5 years	30%	80%
5–10 years	0%	50%

The debt profile incorporating these parameters, the interest rate swaps and the FRB, as well as the projected debt figures as supplied by WDC, are depicted in the graph below.

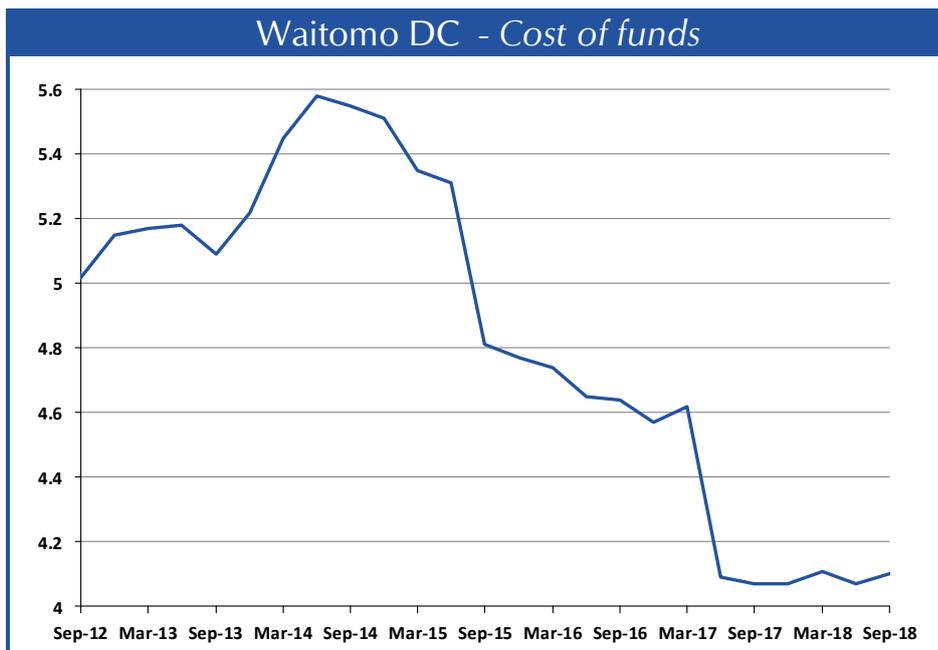


The graph indicates that, as at 30 September 2018, WDC had one very minor policy breach for one month in September 2020. This breach will increase due to the effects of time erosion. To rectify the policy breach, WDC could enter into an interest rate swap for \$4.0 million commencing in September 2020 and maturing in September 2026, for which the current indicative rate is 3.03%. The debt and cover profile incorporating this swap is depicted in the graph on the following page, with the black line indicating the new swap.



WDC’s weighted average cost of funds as at 30 September 2018, including the bank line fee, was 4.10%, an increase of 0.03% since the end of June 2018.

WDC’s cost of funds is still well below many other local authorities, many of which have a credit rating and therefore, all other things being equal, should have a lower cost of funds than WDC. WDC’s cost of funds since September 2012 is depicted in the graph below.



2.4 POLICY COMPLIANCE AS AT 30 SEPTEMBER 2018

	Yes/No
<i>Have all transactions been entered into compliance with policy?</i>	√
<i>Are the fixed rate hedging percentages within policy control limits?</i>	×
<i>Is WDC maintaining liquidity within policy control limits?</i>	√
<i>Are all counterparty exposures within policy control limits?</i>	√
<i>Is WDC compliant with the financial covenants contained in the LMP</i>	√

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Statements of Service Performance Report



2018/19

(For the period ending 30 September 2018)

Introduction

- 1.1 The purpose of this report is to record the detail of non-financial performance or service performance for different periods of the 2018/19 financial year. These service performance measures were adopted as part of the Long Term Plan 2018-28. Council uses service performance measures to measure performance in providing services to its Community.
- 1.2 The format of the report is in tabular form and the results are grouped under each major activity;
- Description of the **level of service**, which translates the high level strategic goal into measurable levels of service.
 - The **key performance indicator**, which is a description of the measure that will be monitored throughout the financial year and the life of the Long Term Plan 2018/28.
 - The **performance target**, which is the quantitative target Council will strive to achieve.
 - **Performance achieved** to 31 September 2018. The result is recorded, whether the target has been achieved and comments to further explain actual results to target result.

Commentary

- 2.1 For the period ending 30 September 2018, the performance results for all ten activities are as follows:

Activity	Total number of targets	Achieved or On Track	Not Achieved	available
Governance: Leadership and Investments	4	3	0	1
Community Service	11	4	0	7
Community Development	7	3	0	4
Compliance	9	5	0	4
Solid Waste Management	5	6	2	0
Resource Management	2	3	0	0
Storm water Drainage	8	8	0	0
Sewerage and Treatment Disposal of Sewerage	8	8	0	0
Water Supply	17	11	2	4
Roads and Footpaths	6	2	1	3

Performance Measures Key

	Achieved or on Track
	Not Achieved
	Available

Community and Cultural Sustainability Group

Governance: Leadership and Investments

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What We Do (Level of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress to 30 September 2018		Commentary
Decision making in compliance with provisions of the Local Government Act 2002.	Number of successful challenges to the decision making process.	Achieved (0)	On track for achievement		No challenges made to the decision making process
Consultation is in accordance with the procedures outlined in LGA 2002. Depending on the nature of the consultation, the procedure will either be the Special Consultative Procedure or a process that gives effect to the requirements of section 82 of the LGA 2002.	Number of successful challenges to the decision making process.	Achieved (0)	On track for achievement		No challenges made to the decision making process

What We Do (Level of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress to 30 September 2018	Commentary
Effective communication with the community.	Percentage of residents satisfied with the effectiveness and usefulness of Council Communications	90%		Will be reported annually once RSS is completed by June 2019.
Investments				
Investments are managed prudently and in a manner that promotes the current and future interests of the community.	Analysis of investment financials and activity including investment company reporting statements are reported to Council and made available to the public as applicable.	2 reports per year	On track for achievement	WLASS Annual Report received Annual Report received from Inframax Construction Limited

Community Service

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What We Do (Level of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress to 30 September 2018	Commentary
High quality Parks and Reserves will be provided.	Percentage of residents satisfied with the quality of Parks and Reserves.	≥ 80%		Will be reported annually once RSS is completed by June 2019.
Provision and maintenance of Elderly Persons Housing that meets the needs of the tenants.	Percentage of tenants satisfied with the provision and maintenance of Elderly Persons Housing.	> 80%		Will be reported annually once RSS is completed by June 2019.
Quality public amenities will be provided.	Percentage of residents satisfied with the quality of public amenities (Public Toilets and Cemeteries).	≥ 85%		Will be reported annually once RSS is completed by June 2019.
Provision of effective pool facilities for the community.	Percentage of residents satisfied with the quality of the pool facilities and service.	≥ 80%		Will be reported annually once RSS is completed by June 2019.
Provision of effective Arts and Culture facilities for the community.	Percentage of residents satisfied with the quality of the Arts and Culture facilities and service.	≥ 80%		Will be reported annually once RSS is completed by June 2019.

What We Do (Level of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress to 30 September 2018	Commentary
Council's public facilities are provided to standards of fitness for use.	Current Building Warrant Of Fitness (BWOFF) for facilities with compliance schedules.	100%	Achieved	
Pool is safe for use of pool patrons at all times.	Pool accreditation in place.	100%	Achieved	Pool accreditation is in place until 31 April 2019
	Number of pool non complying water quality readings per year.	< 2	On track for achievement	25 Tests taken and none were non-complying
Community education and information provided to build community awareness and preparedness.	The number of residents who understand the need to plan for the ability to survive on their own for 3 days if there was an emergency event.	≥ 75%		Will be reported annually once RSS is completed by June 2019.
WDC is resourced and staff trained to a level sufficient to efficiently operate the Civil Defence Headquarters during an emergency	One major training exercise involving Civil Defence HQ staff will be held per year	One exercise per year		Will be reported when completed within the year.
Playground equipment is safe to use for parks and reserves playground users.	Number of accidents directly attributable to playground equipment failure.	Nil accidents	On track for achievement	No accidents have been reported for the reporting period.

Community Development

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What We Do (Level of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress to 30 September 2018		Commentary
Provide assistance for community support activities.	Advertisement and administration of all WDC Funding Rounds as per the Community Development Fund Policy.	100% Compliance	On track for achievement (2 funding rounds completed)		There are 9 funding rounds to be completed per annum.
Support the positive development of youth within the District.	Youth Council meet with Council once per year.	1 per annum			Will be reported when completed within the year.
	Youth Council undertakes two youth related projects per year.	2 per annum	On track for achievement		The Youth Council hosted a Movie Evening held at the Piopio Memorial Hall on 25 August 2018.

What We Do (Level of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress to 30 September 2018	Commentary
Council will support major District events that build community pride and raise the District's profile.	Council provide support for major district events.	2 per annum		<p>Will be reported when completed within the year.</p> <p>The Waitomo District Christmas Parade is scheduled for Friday 14 December 2018.</p>
Provision of comprehensive library facilities for the community.	Percentage of residents satisfied with the quality of the library facilities and service.	≥ 85%		Will be reported annually once RSS is completed by June 2019.
Council will encourage and support sustainable economic development opportunities within the District.	Enhance the promotion of the District with the support of Hamilton Waikato Tourism through taking up District promotion opportunities in key publications and industry events.	> 4 promotion opportunities taken up		HWT will be presenting their 6 monthly report to Council in March 2019.
	Involvement in economic development initiatives alongside Waikato means business.	1 initiative per annum	On track for achievement	Development of the Sub Regional (Southern) Waikato Economic Development Action Plan has commenced.

Compliance

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What We Do (Level of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress to 30 September 2018		Commentary
All food and alcohol retail premises will be inspected and appropriately registered and licensed.	Percentage of food and alcohol premises that are licensed or registered.	100%	Achieved (100%)		100% of the premises selling alcohol are licensed to do so. 100% of the premises requiring food licences are registered.
Provision of an effective environmental health service for the community.	Percentage of residents satisfied with the provision of the Environmental Health Service.	> 85%			Will be reported annually once RSS is completed by June 2019.
Building consents and project information memoranda (PIMs) processed within 20 working days.	The percentage of building consents and PIMs processed within 20 working days.	100%	Not Achieved (98.21%)		One consent was overdue by 1 working day due to an external processing administrative error.
Council will process, inspect and certify building work in the Waitomo District.	WDC maintains building control systems and process to meet IANZ Audit requirements.	BCA Accreditation achieved	Achieved		BCA accreditation was achieved in June 2018. WDC's next assessment is due in June 2020.
Provision of an effective building control service to the community.	Percentage of users satisfied with the provision of the Building Control Service.	> 75%			Will be reported annually once RSS is completed by June 2019.

What We Do (Level of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress to 30 September 2018		Commentary
Council meets its obligations under the Dog Control Act 1996	Percentage of Special Owner Status properties inspected per year.	100%	On track for achievement		Eleven inspections have occurred to date for new SOP applications. Continued compliance inspections are conducted in February / March.
Provision of an effective Animal Control Service.	Percentage of residents satisfied with the provision of the Animal Control Service.	≥ 75%			Will be reported annually once RSS is completed by June 2019.
Dog Owners are well informed of their responsibilities and WDC Support.	Number of Dog/Owner Education initiatives.	≥ 2	On track for achievement		A number of initiatives have been undertaken to date including public advertisements, information on Council's website and social media; and the promotion of dog safety and responsible dog ownership messages. Free homework books were provided to Waitomo and District schools including Waitomo Caves, Piripiri, Rangitoto, Te Kura O Tahaaroa, and Kinohaku for this year.

Environmental Sustainability Group

Solid Waste Management

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress to 30 September 2018	Commentary
Provision of safe solid waste facilities within District	Percentage of users that rate the safety of the facilities (landfill and rural transfer service stations) as satisfactory or better.	≥85%		Will be reported annually once RSS is completed by June 2019.
Provision of effective solid waste management services for the community.	Average number of complaints received per month regarding solid waste activities.	≤ 10	Achieved (6 complaints)	
	Percentage of users satisfied with the provision of waste management facilities (Landfill and rural transfer stations)	80%		Will be reported annually once RSS is completed by June 2019.

What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress to 30 September 2018	Commentary
To work towards a waste minimisation outcome	Percentage reduction per annum in quantity of recyclables (like paper and plastics) in bag collection that goes to landfill.	1.0%	Achieved (5.8% Reduction)	The Waste Audit was completed in August 2018. The reduction is a result of implementing a new Waste Minimisation communication plan which is proving positive. New recycling bins were also issued to all properties on the collection route and this is likely to have encouraged more recycling uptake as well.
	Percentage reduction per annum in quantity of organic waste (like food scraps) in bag collection that goes to landfill	1.0%	Not achieved (2.4% Increase)	The Waste Audit was completed in August 2018. Increase in organic waste is a national problem. Council is involved with national campaign to educate and address this matter.

Resource Management

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress at 30 September 2018	Commentary
Resource consents are processed consistently, efficiently and to a high standard.	The percentage of resource consent applications which are processed within statutory timeframes.	100%	Achieved (100%)	All resource consents have been processed within statutory timeframes.
Land use consents are monitored to ensure they comply with the conditions of consent.	All land use consents that require monitoring are monitored.	100%	Achieved (100%)	

Storm water Drainage

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What We Do (Level of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress at 30 September 2018	Commentary
Storm water drainage system is adequate and is sufficiently maintained.	The number of flooding events* that occur in the district in a financial year.	0	On track for achievement (0)	No flooding events happened during the reporting period.
	For each flooding event* the number of habitable floors affected in a financial year.	≤ 1 per 1000 properties	On track for achievement (0)	
Compliance with resource consent conditions for discharge from the Councils urban storm water system that relate to environmental effects	Compliance with resource consents for discharge from its Storm water system, measured by the number of the following (<i>received by Council with a financial year</i>):			
	• abatement notices	0	On track for achievement (0)	
	• infringement notices	≤2	On track for achievement (0)	
	• enforcement orders	0	On track for achievement (0)	
	• successful prosecutions	0	On track for achievement (0)	

*A Flooding Event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor. Habitable floor refers to a floor of a building (including a basement) but does not include ancillary structures such as standalone garden sheds or garages.

What We Do (Level of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress at 30 September 2018	Commentary
The Council responds to failures and request for service in a prompt and efficient way	The median response time to attend a flooding event*, (measured from the time that the notification is received to the time that service personnel reach the site)	≤ 180 minutes (3hrs)	On track for achievement	No flooding events were reported.
The Council provides a reliable storm water collection service	The number of complaints received about the performance of the Council's urban storm water system per 1,000 properties connected - 1945 connections.	≤4 complaints per 1000 properties (1945 connections)	Achieved (1 complaint)	One complaint was received in relation to surface run off from the road.

Sewerage and Treatment and Disposal of Sewage

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What We Do (Level of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress at 30 September 2018	Commentary
Sewerage System is adequate and is sufficiently maintained.	Number of complaints received in a financial year about; <ul style="list-style-type: none"> • sewage odour; • sewage system faults; • sewage system blockages; and • Council's response to issues with the sewage system. 	Total complaints per 1,000 connections ≤35 (Total number of connections 1,945)	Achieved (3 complaints)	Complaints were related to huge infiltration and inflow during heavy rains resulting in overflow on system.
Environmental impacts of Sewerage systems will be managed effectively.	Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of the following (<i>received by Council in a financial year</i>)			
	• abatement notices	0	Achieved (0 notices)	
	• infringement notices	0	Achieved (0 notices)	
	• enforcement orders	0	Achieved (0 orders)	
	• convictions received	0	Achieved (0 convictions)	

What We Do (Level of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress at 30 September 2018	Commentary
Timely response and resolution for sewage overflows.	The median response times for attendance, in a year, measured from the time that the Council receives notification to the time that service personnel reach the site.	≤180 minutes (3hrs)	Achieved (1.02hrs)	
	The median response times for resolution, in a year, measured from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	≤ 540 minutes (9hrs)	Achieved (4.41hrs)	
Provision of effective and reliable sewerage systems and service to the community.	Number of dry weather sewage overflows from the Council's sewerage system in a financial year.	Total complaints per 1,000 connections ≤ 15 (Total number of connections 1,945)	Achieved (0 complaints)	

Economic Sustainability Group

Water Supply

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress at 30 September 2018		Commentary
Water supply system is adequate and sufficiently maintained for public health purposes.	The extent to which WDC's drinking water supplies comply with Part 4 of NZ Drinking-water Standards 2005 (revised 2008) (bacteria compliance criteria)	100%	Achieved (100%)		This target has been achieved for the first time since it was set by DIA as a mandatory measure in 2015.
	The extent to which WDC's drinking water supplies comply with Part 5 of NZ Drinking-water Standards 2005 (revised 2008) (protozoal compliance criteria)	100%	Not achieved (25% achieved)		<ul style="list-style-type: none"> • Piopio WTP now complies with protozoa requirements. • Mokau, Benneydale and Te Kuiti have not shown compliance for protozoa as currently monitoring systems are not in place to demonstrate compliance standards are being met. Monitoring systems through SCADA are in the process of being implemented.

What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress at 30 September 2018		Commentary
Water Supply networks are being maintained adequately.	Percentage of real water loss from the Council's networked reticulation system in a financial year in (Water losses includes real losses through leaks in the network and apparent losses through metering inaccuracies or water theft. This does not include unauthorised consumption):				
	Te Kuiti	≤ 25%	Achieved (15.33% water loss)		
	Mokau	≤ 25%	Achieved (1.1% water loss)		
	Piopio	≤ 25%	Achieved (11.99% water loss)		
	Benneydale	≤ 15%	Achieved (4.8% water loss)		
Timely response and resolution of service requests.	The median response times for attendance for urgent call-outs in a financial year*	≤ 180 minutes (3 hrs)	Achieved (1.15 hrs)		
	The median resolution time of urgent call-outs in a financial year**	≤ 540 minutes (9hrs)	Achieved (5.59hrs)		
	The median response times for attendance for non-urgent call outs in a financial year*	≤ 660 Minutes (11hrs)	On track for achievement		There were no non-urgent call outs

What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress at 30 September 2018		Commentary
	The median resolution time of non-urgent call-outs in a financial year**	≤ 96 hours (4 days)	On track for achievement		There were no non-urgent call outs
Provision of effective and reliable water supply system to the community.	The total number of complaints received by Council in a year for:				
	drinking water clarity	≤ 5 per 1000 connections (Total number of connections 2580)	Achieved (3 complaints)		
	drinking water clarity	≤ 5 per 1000 connections (Total number of connections 2580)	Achieved (3 complaints)		
drinking water taste	≤ 5 per 1000 connections	Achieved (0 complaints)			

What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress at 30 September 2018		Commentary
	drinking water odour	≤ 5 per 1000 connections	Achieved (0 complaints)		
	drinking water pressure flow	≤ 30 per 1000 connections	Achieved (2 complaints)		
	continuity of supply	≤30 per 1000 connections	Achieved (1 complaints)		
	Median response time to any of these issues within a year.	≤ 540 minutes	Achieved (1.15 hrs)		
Efficient management of demand for water for the community.	Average consumption of drinking water per day per resident within the district.	≤ 400 litres per person per day	Achieved (231 litres per day)		

Roads and Footpaths

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Our Progress 30 September 2018	Commentary
Monitor safety of local roads to assist in planning and prioritising works required to upgrade, maintain or change the condition of the roading environment in order to reach and maintain a specified level of safety.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network.	1 (or maintain at 0)	Achieved (1)	1 fatality/serious injury crash was reported for the 2018/19 period. 14 July 2018
Maintain the overall condition of local roads to a specified adequate standard *NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates an acceptable level of ride comfort	The average quality of ride on a sealed local road network, measured by smooth travel exposure, in a financial year. (Percentage of measured sealed road lane kilometres not exceeding a NAASRA* roughness count rating of 150 to be at least 90%.) *NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates an acceptable level of ride comfort.	90%	Achieved (95.4%)	This is measured every two years. The latest NAASRA roughness count is from the 2018 assessment.

What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Our Progress 30 September 2018	Commentary
Maintain the overall condition of the unsealed roads to a specified adequate standard.	Percentage of unsealed road metalled each year.	10% (of total)	On track for achievement	Annual target is 55km as per LTP. 21.4 km has been metalled for the three months to end of September.
Maintain the overall condition of sealed roads to a specified adequate standard.	Percentage of the sealed local road network that is resurfaced each year.	7% (of total)		Resealing season will start in October as it requires warmer weather
Maintain the overall condition of footpaths to a specified adequate standard.	The percentage of footpath network that falls within a condition rating of 3.	90%	Achieved (94%)	94% of footpaths in the Waitomo District network had a condition rating of 3, 2 or 1 as assessed in 2018.
Manage the timeliness and appropriateness of responses to problems and service requests.	The percentage of customer service requests relating to roads and foot paths responded to within 10 working days.	80%	Not achieved (79%)	A total of 119 requested were received (excluding 14 that were State Highway related). 94 were responded within 10 working days.

Document No: A410627

Report To: Audit and Risk Committee



Meeting Date: 29 October 2018

Subject: Progress Report: Regulation and Resource Management

Purpose of Report

- 1.1 The purpose of this progress report is to brief Council on the monitoring and enforcement functions undertaken by the Compliance Group during the 2017/18 financial year, and the financial year to date (1 July 2018 to 30 September 2018).
- 1.2 The report includes the activities planning, building, environmental health, licensed premises, animal control and monitoring and enforcement.

Summary

- 2.1 Land Use Consents (and other consent types pursuant to the Resource Management Act 1991), and Land Information Memorandums (LIMs) volumes have trended downwards marginally over the last financial year, while building consents have seen an increase in the 2017/18 financial year compared to previous years.
- 2.2 For the 2017/18 financial year, 171 building consents were processed, with a total value of \$19,920,422, including 19 new dwellings. For the current quarter (July 2018 to 30 September 2018), 56 applications were processed valuing \$4,577,339, and of these, 6 were new dwellings.
- 2.3 Service requests for complaints for breaches of the Resource Management Act 1991 (excluding noise), resource consent conditions, District Plan rules, bylaws and general enforcement increased marginally in 2017/18 to 23, compared to 16 in 2016/17. Noise complaints have increased from 78 in 2016/17 to 112 in 2017/18. Fourteen complaints have been received to date for the period 1 July to 30 September 2018).
- 2.4 Animal Control related service requests trended downwards in 2017/18 compared to 2016/17. In 2016/17, 518 dog control related complaints were received (314 wandering dogs), compared with 426 (277 wandering dogs) for 2017/18. This is likely due to the strong focus applied to compliance and owner education.
- 2.5 For the period 1 July to 30 September 2018, 96 dog control related complaints have been received to date, of which 66 were for wandering dogs.

Planning

- 3.1 During the 2017/18 financial year, Waitomo District Council (WDC) processed 37 applications pursuant to the Resource Management Act 1991 (RMA), and 3 applications pursuant to the Local Government Act 1974. 161 LIMs were also issued.

Planning Consents

3.2 The 40 applications processed for the 2017/18 financial year are comprised of:

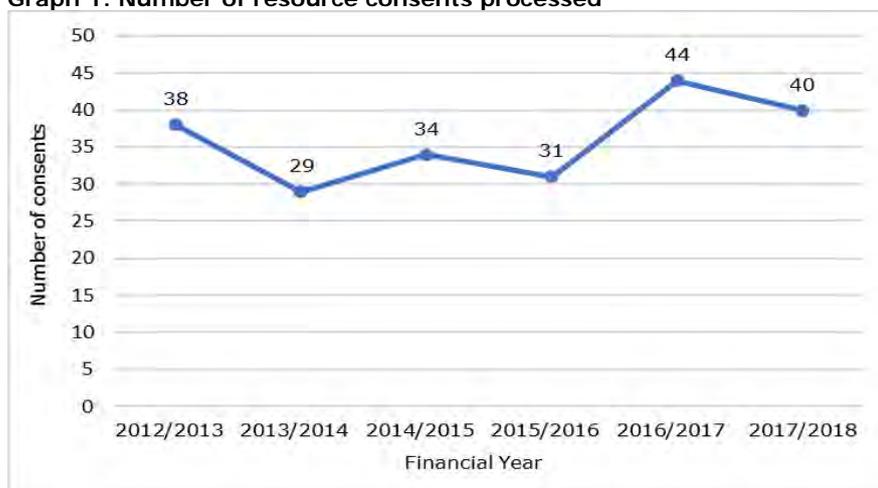
Application type	Number
Landuse Consents	16
Subdivision Consents	10
Certificates of Compliance	1
Outline Plan Waivers – section 176A of the Resource Management Act 1991	2
Outline Plan Section 176A	1
Section 127 applications (change or cancellation of consent condition)	1
Section 348 of the Local Government Act 1974 (Right of Way)	3
Deemed Permitted Boundary Activities	5
Marginal or temporary non-compliance	1

3.3 The 11 applications processed for the period 1 July to 30 September 2018 are comprised of the following application types:

Application type	Number
Landuse Consents	4
Subdivision Consents	4
Deemed Permitted Boundary Activities	1
Outline Plan Waivers – section 176A of the Resource Management Act 1991	2

3.4 The following graph shows the trend for the number of consents processed during the previous 6 financial years.

Graph 1: Number of resource consents processed



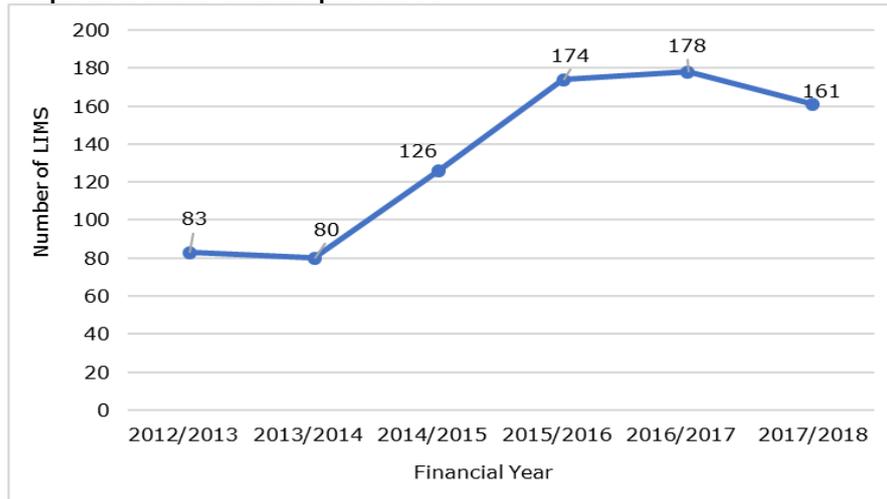
LIMs

3.5 During the 2017/18 financial year, WDC processed and issued 161 Land Information Memorandums (LIMs), slightly down from the previous two financial years.

3.6 For the period 1 July to 30 September 2018, 39 LIMs were issued.

3.7 The following graph shows the trend for the number of LIMs processed during the previous 6 financial years.

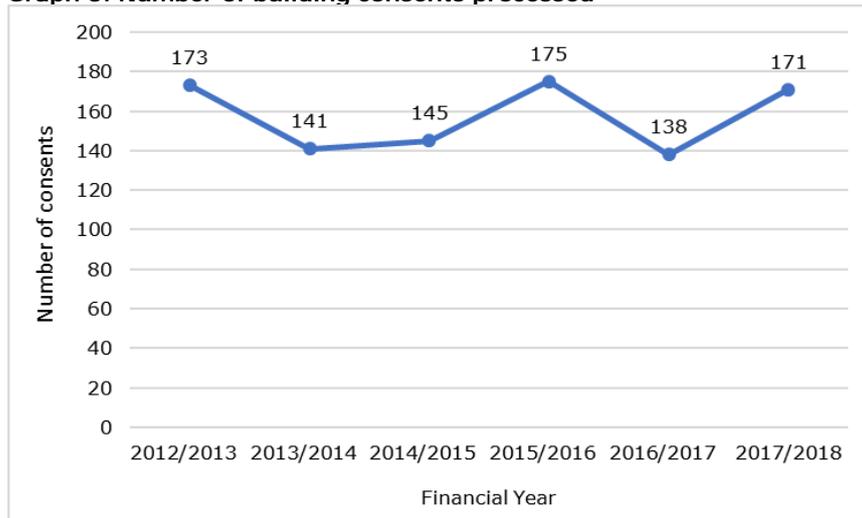
Graph 2: Number of LIMs processed



Building

- 4.1 During the 2017/18 financial year, 171 Building Consents (including amendments) were processed with a total value of \$19,920,422, including 23 new dwellings, 10 relocated dwellings and 19 commercial buildings.
- 4.2 The following graph shows the trend for the total number of building consents (all types) processed during the previous 6 financial years.

Graph 3: Number of building consents processed



- 4.3 56 Building Consents (including amendments) were processed for the period 1 July to 30 September 2018, with a total value of \$4,577,339, including 6 new dwellings, 2 relocated dwellings and 4 commercial buildings.
- 4.4 As reported to Council in May 2018, building consents for new dwellings continue to trend upwards compared to the 2016/17 financial year (where only 7 building consents for new dwellings were received).

Monitoring and enforcement

Complaints

- 5.1 The total number of complaints received for breaches of the Resource Management Act 1991 (excluding noise), resource consent conditions, District Plan rules, bylaws and general enforcement was 22 for the 2017/18 financial year.
- 5.2 A breakdown of the complaints received is as follows:

Type	Number 2017/18	Number 1 July 2018 to 30 September 2018
Resource Consent Conditions	7	0
District Plan	4	0
Bylaws	11	3

- 5.3 The total number of complaints received for breaches of the Bylaws (excludes noise) was 3 for the period 1 July 2018 to 30 September 2018.

Abatement Notices

- 5.4 One Abatement Notice was issued during the 2016/17 financial year for a person failing to comply with Section 16 of the Resource Management Act 1991 (RMA) – ‘duty to avoid unreasonable noise’. The Abatement Notice continues to have on-going legal effect.
- 5.5 No noise abatement notices were issued during the 2017/18 financial year or for the period 1 July to 30 September 2018.

District Plan

- 5.6 Four complaints were received for 2017/18 and none for the period 1 July to 30 September 2018.

Resource consent monitoring

- 5.7 The Team Leader Compliance and Monitoring continues to actively monitor compliance with resource consents as required; in addition to responding to complaints received via customer services.
- 5.8 The number of monitoring inspections undertaken are dependent on the number of consents requiring monitoring (i.e. subdivisions don't require monitoring, and consent holders have up to five years to give effect to a resource consent). Seven monitoring inspections were conducted for the 2017/18 financial year.

Bylaw enforcement

- 5.9 Approximately 11 Bylaw complaints have been received during the 2017/18 year relating to abandoned vehicles, roosters/pigs in residential areas, freedom camping, and horses/vehicles/golf on Centennial Park.
- 5.10 Three bylaw complaints have been received during the period 1 July to 30 September 2018, relating to abandoned vehicles and vehicles on Centennial Park.

Noise control

- 5.11 Council staff and contractors responded to 112 noise complaints during the 2017/18 financial year, and 14 for the period 1 July to 30 September 2018.
- 5.12 Noise complaints increased significantly in 2017/18 compared with 2016/17, where only 74 complaints were received.
- 5.13 The complaints resulted in 3 written directions in 2017/18 to reduce noise. The remainder of noise complaints were either addressed by verbal directions, or no noise was observed on attendance.
- 5.14 No seizure of noise equipment was made in 2017/18 or for the period 1 July to 30 September 2018.

Nuisance

- 5.15 Staff continue to receive a small number of nuisance complaints for rubbish, vermin, and odour. These are investigated, and action undertaken as required.

Alcohol Licencing

- 6.1 Staff undertook 19 visits of licensed premises, in conjunction with licence renewal applications in the 2017/18 financial year.
- 6.2 21 on licence, off licence and club licence applications, 58 managers' certificates (new and renewal), 41 special licences and 2 temporary authorities were received during the 2017/18 financial year.
- 6.3 Seven on licence, off licence and club licence applications, 8 managers' certificates (new and renewal), and 10 special licences were received for the period 1 July to 30 September 2018.
- 6.4 Staff undertook 6 visits of licensed premises, in conjunction with licence renewal applications and two District Licensing Committee hearings for the period 1 July to 30 September 2018.
- 6.5 Two District Licensing Committee (DLC) hearings were held in 2017/18, and two for the period 1 July to 30 September 2018. The requirement for DLC hearings has increased from previous years. This is mainly due to licencees (particularly clubs) either not addressing, or not sufficiently addressing the training requirements under the Act; or failing to address other requirements under the Act.

Registered Food Premises

- 7.1 There were 15 complaints received about food premises in the 2017/18 financial year (compared to 5 in 2016/17) and one for the period 1 July to 30 September 2018.
- 7.2 Food complaints received range from customers complaining of illness because of consuming food, presence of flies, food not heated properly, waste food (pig food) not contained properly, and presence of flies.
- 7.3 In respect of complaints about illness, these are generally referred to the Waikato District Health Board's Health Protection Officers for further investigation. In

addition, WDC's Environmental Health Officer inspects the food premises to ensure it complies with the Food Act 2014.

Animal Control

8.1 There were 3468 active dogs in the District as at 30 June 2018, down from 3590 as at 30 June 2017, a decrease of 122 dogs. Of the total dogs registered, 31 are classified as menacing, an increase from 26 in 2016/17.

8.2 During the 2017/18 financial year, 426 dog control and 120 'other animal' (i.e. stock) complaints and requests for service from the public were received. 277 complaints related to wandering dogs, with 40 related to barking dogs.

8.3 The significant dog related complaint areas are summarized below:

Type of complaint	Number 2016/17	Number 2017/18
▪ Aggressive	2	8
▪ Bins/Signs	-	-
▪ Bite/attack	33	37
▪ Barking	93	40
▪ Breach of Council Bylaw or permits	4	3
▪ Lost Dog/other	1	26
▪ Rushing in public place	17	14
▪ Unregistered	-	4
▪ Wandering	314	277
▪ Worrying animals	19	1
▪ No water, shelter, food or exercise	35	16

8.4 During the 2017/18 financial year:

- 185 dogs were impounded, of which 85 were claimed, 44 were euthanized and 56 were re-homed;
- 51 infringement notices were issued (compared to 74 in 2016/17);
- 37 dog attack incidents were reported.

8.5 For more detailed information on this activity, refer to the Council Business Paper - Annual Report on Animal Control functions for 2017/18 (A400671).

8.6 for the period 1 July to 30 September 2018, 96 dog control and 29 'other animal' (i.e. stock) complaints and requests for service from the public were received. 66 complaints related to wandering dogs, with 12 related to barking dogs.

8.7 The significant dog related complaint areas are summarized below:

Type of complaint	Number
▪ Aggressive	-
▪ Bins/Signs	-
▪ Bite/attack	10
▪ Barking	12
▪ Breach of Council Bylaw or permits	-
▪ Lost Dog/other	5
▪ Rushing in public place	-
▪ Unregistered	1
▪ Wandering	66
▪ Worrying animals	-
▪ No water, shelter, food or exercise	2

8.8 For the period 1 July to 30 September 2018:

- 39 dogs were impounded, of which 21 were claimed, 7 were euthanized and 11 were re-homed;
- 2 infringement notices were issued;
- 10 dog attack incidents were reported.

Suggested Resolution

The Progress Report: Regulation and Resource Management be received.



TERRENA KELLY
GROUP MANAGER COMPLIANCE

29 October 2018

Document No: A410613

Report To: Audit and Risk Committee



Meeting Date: 29 October 2018

Subject: Progress Report: WDC Resource Consent – Compliance Monitoring

Type: Information Only

1.0 Purpose of Report

- 1.1 The purpose of this business paper is to brief Council on compliance reporting against Resource Consent conditions.

2.0 Local Government Act S.11A Considerations

- 2.1 Section 11A of the LGA reads as follows:

11A Core services to be considered in performing role

In performing its role, a local authority must have particular regard to the contribution that the following core services make to its communities:

- (a) *network infrastructure;*
- (b) *public transport services;*
- (c) *solid waste collection and disposal;*
- (d) *the avoidance or mitigation of natural hazards;*
- (e) *libraries, museums, reserves, and other recreational facilities and community amenities.*

- 2.2 Compliance and monitoring against Resource Consent conditions is consistent with Section 11A of the Local Government Act 2002.

3.0 Risk Considerations

- 3.1 This is a progress report only, and as such no risks have been identified in regards to the information contained in this business paper.

4.0 Commentary

- 4.1 WDC is required to report on Resource Consent compliance to the Waikato Regional Council (WRC) in accordance with the conditions that regulate the various Resource Consents held by WDC.
- 4.2 The following tables set out details of the compliance reporting requirements for WDC's Resource Consents.

RESOURCE CONSENT	REPORT DUE
Monthly	
No. 112639 - Te Kuiti Wastewater Treatment Plant Conditions 7 to 19 (Discharge) Condition 30 (Reasonable Mixing)	Monthly
No. 116844 - Benneydale Water Treatment Plant Condition 9 (Surface Water Take)	Monthly
No. 117290 - Piopio Wastewater Treatment Plant Condition 26 (Discharge)	Monthly
Quarterly	
No. 101753 - Rangitoto Quarry Landfill, William Street, Te Kuiti Condition 11 TEKLR 20	February, May, August, November
No. 124718 - Rangitoto Quarry Landfill, William Street, Te Kuiti Conditions 7 and 14 (SW2) TEKLR 32	February, May, August, November
Six Monthly	
No. 133317 - Te Kuiti Water Treatment Plant Condition 11 (Water Take)	January/July
No. 118813 - Benneydale Wastewater Treatment Plant Condition 16 to 23	January/July
No. 120048 - Te Kuiti Wastewater Treatment Plant Condition 6 (Groundwater b1 to b7)	February and August <i>(also include in Annual Report 30th September)</i>
No. 117945 - Benneydale Water Treatment Plant (Backwash)	April/October
No. 124718 - Te Kuiti Landfill (William Street) Condition 6 and 14 DH2/3/4/7 (Oct to March, April to Nov)	April/October
No. 107477 - Piopio Water Treatment Plant Conditions 6 and 9 (Water Take) (Nov-April, May-Oct)	May/November
No. 107478 - Piopio Water Treatment Plant (Backwash) (Nov-April, May-Oct)	May/November
No. 101753 - Rangitoto Quarry Landfill, William Street, Te Kuiti Condition 10 TEKLR10 (*)	May/October

RESOURCE CONSENT	REPORT DUE
Annually	
No. 118813 - Benneydale Wastewater Treatment Plant Condition 26 (Discharge to Land and Water)	31st March
No. 124718 - William Street, Te Kuiti Conditions 7 & 14 (SW1,SW2, SW3, SW4, SW5)	April or May
No. 120340 - Mokau Closed Landfill Condition 3, 6 & 10	Monitoring Ceased by mutual agreement with WRC (11/2017)
No. 113038 - Te Kuiti Water Treatment Plant Conditions 1 & 2 (Ground Water Take)	1st of May
No. 105054/55/56/57/58/59/60 - Waitomo Stormwater Schedule A (22) Conditions 4,5 & 6	31st May
No. 105054 - Te Kuiti Stormwater Condition 6	31st May
No. 116274 - Benneydale Water Treatment Plant Conditions 2, 3, 4 & 7 (Groundwater Take)	1st of June
No. 113544 - Mokau Water Treatment Plant (Water Take)	July
No. 113545 - Mokau Water Treatment Plant (Backwash)	July
No. 101753, 101754 and 124718 - Rangitoto Quarry Landfill, William Street, Te Kuiti Annual Report Condition Schedule 1(5) and 13	1st August
No. 101753, 101754 - Rangitoto Quarry Landfill, William Street, Te Kuiti Annual Report Consents Schedule 1 (6) <i>Independent Peer Reviewer</i>	1st September
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 20 (Discharge)	September 30th
No. 103287, 103288 and 103289 - Te Kuiti Walker Road - Closed Landfill Discharge to Land, Air and Divert (Nov, Jun)	November <i>(within two months of sampling)</i>
No. 103193 - Benneydale Closed Landfill SH30 Conditions 2, 3 and 5	Monitoring Ceased by mutual agreement with WRC (08/2018)
No. 103194 - Conditions 2 and 3	

RESOURCE CONSENT	REPORT DUE
No. 103196 - Piopio Closed Landfill Condition 2, 3 and 4	Monitoring Ceased by mutual agreement with WRC (08/2018)
No. 103198 - Aria Closed Landfill Conditions 2 and 4	Monitoring Ceased by mutual agreement with WRC (08/2018)
Biennial	
No. 120048 - Te Kuiti Wastewater Treatment Plant Condition 7 (Groundwater b1 to b7)	December 2016
No. 117290 - Piopio Wastewater Treatment Plant Condition No 7 and 9 (Discharge) (Operations and Management)	September 2014, 2016, 2018, etc.
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 24	June 2015 (<i>and every two years after</i>)
No. 118813 - Benneydale Wastewater Treatment Plant Condition 27 (Management Plan Review)	from 2010 every two years
Other	
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 28 (after 3 years Fish Passage/Migration Barrier Assessment)	Monday, 18 December 2017
No. 133317 - Te Kuiti Water Treatment Plant Condition 10 (Telemeter)	1st July 2018

4.3 The following Resource Consent Compliance Reports have been made to WRC:

1. RC 116844 – Benneydale Water Supply, Surface water take, July 2018 (Doc A404096).
 - Full compliance achieved.
2. RC 112639 – Te Kuiti Wastewater Treatment plant (TKWWTP) Discharge to water, July 2018 (Doc A404242).
 - Full compliance achieved.
3. RC 117290 – Piopio Wastewater Treatment Plant (PPWWTP) Discharge to water, June and July 2018 (Doc A404951).
 - Partial compliance.
 - Overall, most of the quality parameters were well below trigger limits, during the last sampling period in July 2018.
 - Total ammoniacal nitrogen results presented an irregular trend since the last reporting period, exceeding the trigger levels of 10 mg/l. This result might reflect a sudden decrease in temperature in Piopio during the winter season. This decreased the efficiency of the nitrification¹ process within the biomass, which is highly influence by temperature, carbon source and alkalinity conditions.
 - However, total ammoniacal nitrogen results upstream and downstream of the Piopio WWTP Discharge into the Mokau River are of good quality, and shows that the concentrations of ammoniacal nitrogen in the Mokau River are not affected by the Discharge, this is due to the high levels of the River which substantially increase the dilution factor during winter season
4. RC 101753/101754/124718 – Te Kuiti Landfill – Annual Report 2017/2018 (Doc A404683).
 - Full compliance achieved
5. RC 116844 – Benneydale Water Supply, Surface water take, August 2018 (Doc A405969).
 - Full compliance achieved.
6. RC 113545 - Mokau Water Treatment Plant – Backwash Discharge July 2017 to June 2018 (A405280).
 - Partial compliance.
 - WDC has not met Conditions 2, 3 and 4 of the Resource Consent due to backwash frequency and the size of the tank used for backwashing the clarifier and DE Filter. This situation remain relevant to the previous reports as the backwash tank is of 25 m³ volume.
 - WDC Water has improved the quality of the final drinking water, which has been compliant for months. The backwash of the clarifier and the introduction of coagulation and sedimentation played a critical role to

¹ Nitrification: is the biological oxidation of ammonia or ammonium to nitrite followed by the oxidation of the nitrite to nitrate. The transformation of ammonia to nitrite is usually the rate limiting step of nitrification.

maintain the good standards achieved and, therefore, the maximum efficiency of the process is still under evaluation.

- WDC will, in due course, apply for an amendment to its conditions under Section 127 of the Resource Management Act 1991, when all operational parameters have been defined and the upgrade work is finalised.
7. RC 112639 – Te Kuiti Wastewater Treatment plant (TKWWTP) Discharge to water, August 2018 (Doc A407248).
 - Full compliance achieved.
 8. RC 112639 – Te Kuiti Wastewater Treatment Plant Discharge, Annual Report September 2017 to August 2018 (Doc A408237).
 - Summary of monthly compliance for the year 2017/2018.
 9. RC 138063 - Te Waitere Wastewater Disposal, Annual report 2017/2018 (Doc A408359)
 - Partial compliance.
 - There were two breaches to the discharge limit of 10.3 m³/day (Condition 4).

Suggested Resolution

The Progress Report: Resource Consent – Compliance Monitoring be received.



KOBUS DU TOIT
GROUP MANAGER – ASSETS

Document No: A411635

Report To: Audit and Risk Committee



Meeting Date: 29 October 2018

Subject: Motion to Exclude the Public for the Consideration of Council Business

Purpose of Report

- 1.1 The purpose of this business paper is to enable the Council to consider whether or not the public should be excluded from the consideration of Council business.

Commentary

- 2.1 Section 48 of the Local Government Official Information and Meetings Act 1987 gives Council the right by resolution to exclude the public from the whole or any part of the proceedings of any meeting only on one or more of the grounds contained within that Section.

Suggested Resolutions

- 1 The public be excluded from the following part of the proceedings of this meeting.
- 2 Council agree the following staff, having relevant knowledge, remain in attendance to assist Council with its decision making: ...
- 3 The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Section 48(1) grounds for this resolution
1. Deputation: Deloitte – Presentation of Audit Report	7(2)(f) maintain the effective conduct of public affairs through— (i) the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) applies, in the course of their duty;	48(1)(d)
2. Progress Report: Health and Safety	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(d)

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Section 48(1) grounds for this resolution
3. Progress Report: Risk Management – Procurement/Contract Schedule	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(d)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6, Section 7 or Section 9 of the Official Information Act 1982 as the case may require are listed above.



MICHELLE HIGGIE
EXECUTIVE ASSISTANT

Go to the Public Excluded Agenda File for this business

Document No: A411634

Report To: Audit and Risk Committee



Meeting Date: 29 October 2018

Subject: **Resolution to Reopen the Meeting to the Public**

Purpose of Report

- 1.1 The purpose of this business paper is for the Committee to pass a resolution to re-open the meeting to the public following the public excluded Deputation from Deloitte.

Suggested Resolution

The meeting be re-opened to the public following the public excluded Deputation from Deloitte.

A handwritten signature in blue ink, appearing to read "Michelle Higgie".

MICHELLE HIGGIE
EXECUTIVE ASSISTANT

Document No: A410571

Report To: Audit and Risk Committee



Meeting Date: 29 October 2018

Subject: Recommendation to Council: Adoption of Annual Report 2017/18

Type: Decision Required

Purpose of Report

- 1.1 The purpose of this business paper is to present the Draft Annual Report 2017-18 (Draft AR) for consideration and, subject to any amendments, to recommend this document to Council for adoption.

Background

- 2.1 The Draft AR shows the financial and non financial performance of Waitomo District Council for the year ended 30 June 2018.
- 2.2 ARC received the Unaudited Interim Financials (IFR) for the year ended 30 June 2018 at the 21 August 2018 ARC meeting and Council received the Unaudited Interim Non Financial Report at the 26 September 2018 Council meeting.
- 2.3 As well as presenting the Draft AR for the ARC's consideration this paper also provides a summary of significant changes since the IFR and commentaries on Council and Group results.
- 2.4 Council's auditors (Deloitte) will be in attendance at the ARC meeting to discuss the audit and to present the audit report.

Commentary

- 3.1 **Significant changes since the unaudited IFR**
- 3.2 The unaudited IFR was presented at 21 August ARC meeting, while the financial results and position were still in the process of being finalised. There have been subsequent changes to the results due to finalising the ledgers and the significant changes are discussed in section 3.3 to 3.9.
- 3.3 **Statement of Comprehensive Revenue and Expense**
- 3.4 Total revenue has decreased from \$32 million in the IFR to \$31.7 million in the Draft AR mainly as a result of the elimination of rates revenue on Council owned properties.
- 3.5 Total expenditure increased from \$26.9 million to \$27.5 million mainly as a result of additional depreciation and recognition of asset disposals on finalising the asset register. These were partly offset by the elimination of rates paid on Council owned properties and the decrease in landfill aftercare provision due to the dispensation granted from WRC to cease monitoring of four closed landfill sites. The dispensation was granted because it became clear during the year that leachates discharge from

the closed landfills have become inert and therefore monitoring obligations could be reduced.

3.6 As a result of these changes to expenses and revenue, the total surplus for the year has decreased from \$5.1 million in the IFR to \$4.2 million in the Draft AR.

3.7 The gain on revaluation on water, stormwater and wastewater assets of \$6.0 million and a gain on revaluation of the investment in ICL of \$7.3 million were recognised in other comprehensive revenue and expense. This, along with the changes to total surplus discussed in 3.4 and 3.5, increased the Total comprehensive revenue and expense from \$5.0 million to \$17.4 million.

3.8 **Statement of Financial Position**

Total assets increased from \$348.7 million to \$363.1 million as a result of

- revaluation of the investment in ICL \$7.3 million
- revaluation of property, plant and equipment \$6.0 million
- prior period adjustment for water, wastewater and stormwater assets that were excluded from the 2015 asset valuation for these classes \$2.0 million
- asset disposal recognised on finalising the ledger \$1.1 million

3.9 Total equity increased by \$14.4 million from the IFR as a result of:

- Increase in revaluation reserve as a result of the revaluation of property plant and equipment, prior period adjustment and transfers out of the reserve on asset disposal.
- An increase in surplus as detailed above.
- Increase in Other reserves as a result of the final reserve transfers and the increase in the Assets available for sale reserve from the gain on valuation of ICL investment.

3.10 **Draft 2017-18 Annual Report Highlights**

3.11 **Statement of Financial Performance (pg 60)**

3.12 The budget provided for a surplus of \$1.4 million. The actual result was a greater surplus of \$4.2 million. The main variances are detailed below.

3.13 **Revenue**

3.14 Revenue was \$0.9 million more than budget due to:

- Rates revenue was \$0.3 million less than budget. This was the result of excluding rates revenue on council owned properties.
- Subsidies and grants were \$0.2 million more than budget. NZTA subsidy was received for the LED street lights upgrade project.
- Fees and charges revenue was \$0.6 million more due to trade waste revenue and landfill disposal revenue being more than budget. Additional revenue was received for complex resource consent applications where costs associated with planning consultants were recovered from applicants.

- Other revenue including gains/(losses) was \$0.3 million more than budget due to gains on the sale of residential property, funding contribution received for Sir Colin Meads Public Memorial Service and a contribution received for Piopio Hall.

3.15 Expenditure was \$1.9 million less than budget due to:

- Finance costs were \$0.9 million less than budget due to a reduced public debt level than what was budgeted for and interest rates were less than anticipated at the time the budget was prepared.
- Depreciation was \$0.2 million less than budget as roading capital expenditure was less than budget and the Te Kuiti water treatment plant upgrade has yet to be completed.
- Other expenditure was \$0.7 million less than budget due to:
 - Rates paid on council owned property being excluded. The budget figure includes rates on council owned properties.
 - Repairs and maintenance costs were less than budget as this work is only carried out as required.
 - The budget for the District Plan Review workstream was not fully spent and will continue in the next financial year.
 - Reduced operations and maintenance costs for all sewerage schemes.

3.16 **Statement of Financial Position (pg 62)**

3.17 Total equity was \$14.7 million more than expected due to:

- The surplus was \$2.8 million more than budget.
- The revaluation reserve was \$0.1 million more than budget.
- The assets available for sale reserve increased by \$7.3 million due to the increase in value of the investment in Inframax Construction Ltd.
- Council created reserves were also \$10.1 million more than budget due to the surpluses arising from the various activities of Council and the transfer of debit reserves in the investment activity to accumulated funds.
- These increases were offset by the loss on cashflow hedges which was \$1.0 million more than budget.

3.18 Current assets were \$1.4 million more due to a higher level of cash and cash equivalents at balance date and the current portion of other financial assets. Receivables were also less than budget at 30 June 2018, as the budget was based on prior year actual trends which included one-off receivables.

3.19 Current liabilities were \$17.7 million more than budget due to a greater portion of borrowings being recognised as current than when the budget was prepared and a higher level of payables at balance date than was anticipated due to the timing of expenditure.

3.20 Non current assets were \$3.9 million more than expected due to the increase in the value of other financial assets from the valuation of Inframax Construction Ltd to \$11.8 million. This increase was partly offset by a lower value of property, plant and equipment than anticipated due to less capital expenditure being undertaken in the prior year and the revaluation uplift for roads assets in 2016/17 was less than anticipated.

- 3.21 Non current liabilities were \$27.1 million less than budget mainly due to a lesser portion of borrowings being recognised as non current than when the budget was prepared due to refinancing of borrowings during the year. Derivative financial instruments were also \$1.0 million more than expected.
- 3.22 Rates receivable decreased from \$3,842,000 outstanding at 30 June 2017 to \$3,784,000 outstanding at 30 June 2018 (a decrease of \$58,000).
- 3.23 Of the \$3,842,000 that was receivable for rates and penalties charged to 30 June 2017, this has now reduced to \$2,654,000 (a reduction of \$1.2 million). This represents the successful debt recovery actions implemented during the year.

	2017/18 \$000's	2016/17 \$000's	2015/16 \$000's
Rates receivable at 30 June 2017	3,842	3,969	3,973
Less cash received	(675)	(980)	(1,025)
Less remissions and RID amendments	(513)	(303)	(239)
Sub total	2,654	2,686	2,709
Plus current year rates outstanding	778	797	866
Plus current year penalties outstanding	347	354	393
Plus court costs charged	5	5	1
Rates receivable at 30 June 2018	3,784	3,842	3,969

3.24 Capital Expenditure

- 3.25 Total capital expenditure for the year ended 30 June 2018 was \$9.9 million against a budget of \$10.2 million.
- 3.26 Capital expenditure on Community Service assets was \$19K more than budget. Brook Park entrance upgrade was completed during the year. Remedial work of 47 Te Kumi Road property was completed to bring the property up to rentable standard. Installation of a new audio system was also completed at Piopio Hall. Expenditure was incurred for the Aquatic Centre canopy steel structure remedial work and the renewal of the bathroom facilities at the Les Munro Centre. The new Benneydale and Marokopa public toilets were completed.
- 3.27 Capital expenditure on Solid Waste assets was \$0.1 million less than budget. Work commenced on the resource consent application for the expansion of the landfill and this will continue in next year. No purchases of carbon credits were required during the year under the Emissions Trading Scheme. This budget will be carried over to the next financial year.
- 3.28 Capital expenditure on Stormwater assets were \$0.2 million less than budget. Waitete Road pipe work renewals has been planned for the following year along with the Taupiri St stormwater pipe rehabilitation.
- 3.29 Capital expenditure on Sewerage assets was \$71K more than budget. Expenditure at the Te Kuiti wastewater treatment plant has been for the sand filter removal and recommission, UV reactor and SCADA repairs, valve and pipe improvements for the sludge removal. Construction of the chemical bunded fill area and a storage shed was also completed. The Carroll Street sewer replacement under the railway line and sewer replacement under the river was also installed. Some of these projects were in the prior year budgets.
- 3.30 Capital expenditure was \$0.3 million less than budget for Roads assets as the unsealed road metaling was incomplete at end of financial year due to an excessively wet season. Likewise drainage renewals were also less than budget as

this activity is weather dependent. The road rehabilitation program consisted of road sections on Totoro and Rangitoto Roads. Some of the pavement rehabilitation work was included in the prior year. Emergency reinstatement capital expenditure was completed which involved removing slips and replacing washed out culverts from April 2017 storm event. LED street lighting upgrade work is nearing completion. This project was not budgeted separately and 85% funded from NZTA with the WDC component from street light maintenance traffic services renewal budget. Budgets for unspecified retaining wall renewals and road improvements not eligible for subsidy were not fully spent during the year.

- 3.31 Capital expenditure was \$0.5 million more than budget for Water Supply. Phase 2 of the Te Kuiti water treatment plant upgrade (raw water treatment structure) and phase 3 (refurbishment of the clarifier and site upgrade) were progressed during the year. Parts still to be completed are the installation of the intake structure, finalisation of the mechanical and electrical components and completion of the site security and landscaping. Some of these projects were included in prior years budgets. Mokau water reticulation renewals for Tainui Street and Aria Terrace will be carried out in the next financial year. Piopio reticulation renewals for installation of the Tui Street- State Highway 3 link and the water bridge at Kuritahi Street commenced and will be completed in the next financial year.

3.32 Borrowings

- 3.33 Council's Long Term Plan (LTP) provides annual forecasts for the levels of borrowings. The following table illustrates the trends in the level of borrowings over the last 3 financial years.

\$000's	30 June		
	2015/16	2016/17	2017/18
Borrowings			
Forecast Public Debt (LTPs)	52,834	54,628	53,645
Actual Public Debt	44,786	43,419	41,737
\$ Trend	-8,048	-11,209	-11,908
% Trend	-15.2%	-20.5%	-22.2
Capex	9,810	9,703	9,869

- 3.34 These trends show that actual borrowings have reduced to \$41.7 million at 30 June 2018 and are considerably less than forecast despite major capital investment of \$29.4 million over the last three years.
- 3.35 Council has continued to manage the funding of the capital works programme from subsidies and grants and available reserves and has also been reducing debt where possible.
- 3.36 **Group Balance Sheet**
- 3.37 At 30 June 2018 total equity for the Group was \$310 million. There was a \$12.3 million increase in equity reflecting net asset increase due to the Group's after tax profit of \$5.9 million.

- 3.38 Current assets increased by \$2.2 million mainly due to an increase in cash and cash equivalents, receivables and inventories.
- 3.39 Current liabilities increased by \$10.1 million due to an increase in the current portion of borrowings and payables.
- 3.40 Non current assets increased by \$9.0 million due mostly to an increase in property, plant and equipment.
- 3.41 Non current liabilities decreased by \$11.3 million due mainly to a decrease in non current borrowings.
- 3.42 **Statement of Service Performance (Key Performance Indicators)**
- 3.43 The Statements of Service Performance provide detailed information on the performance measures and targets for each of the significant activities. The performance summary is given on pages 20-21 of the Draft Annual Report with more detailed information disclosed within each activity on pages 22-56 of the Draft Annual Report.
- 3.44 Of the 81 key performance indicators measured, 72 (89%) (2017: 85%) were achieved and 9 (12%) (2017: 15%) were not achieved.
- 3.45 **Audit**
- 3.46 Auditors will be present at the meeting to report on the Audit process and present the Audit report. The Report to Council from the Auditors is enclosed separately as Enclosure 1 to this business paper.

Analysis of Options

- 4.1 ARC has the option of recommending the adoption of the Annual Report to Council or requesting further information/changes from its staff and auditors. Council must adopt the Annual Report prior to 31 October 2018.

Considerations

5.1 Risk

- 5.2 There is potential risk that some revenue included in the financial statements is subsequently not converted to cash or cash equivalents. The raising of invoices and recognition of income is carried out with management review and approval to minimise this risk. Debtors and other receivables are actively monitored and reviewed. The risk is also mitigated by the recognition of a provision for doubtful debt at 30 June 2018.
- 5.3 There is a risk that the accounting estimates and judgments used when performing valuations over assets may not reflect the assets actual condition or, the useful lives do not reflect the actual consumption of benefits of the asset. To minimise this risk, infrastructural asset valuations have been determined in reference to industry guidelines and adjusted for local conditions. Asset inspections, deterioration and condition modeling are also carried out as part of asset management planning.
- 5.4 There is a risk that the financial results and position stated within this report is materially different for those assets were not revalued at 30 June 2018. These

assets include road and solid waste assets. To minimise this risk, an assessment of the fair value of significant assets in between revaluation years has been completed by external valuers.

- 5.5 There is a risk that some financial assets may become impaired, but that the impairment amount is unknown. This will cause an over statement of carrying value of the asset in this report, that would subsequently need to be corrected in a later report.

5.6 Consistency with Existing Plans and Policies

- 5.7 This Annual Report measures our performance against Year Three of the Long Term Plan 2015-2025, and nothing in this Annual Report is inconsistent with existing plans and policies.

5.8 Significance and Community Views

- 5.9 The financial performance of Council in the past year is a significant matter to be shared with the District Community. The Annual Report and Summary Annual Report will be available on Council's website and in Council offices and library.

Recommendation

- 6.1 It is recommended that the 2017/18 Annual Report document be recommended to Council for adoption.
- 6.2 A copy of the Annual Report 2017/18 is enclosed separately and forms part of this business paper.

Suggested Resolutions

- 1 The business paper on Recommendation to Council: Adoption of Annual Report 2017/18 received.
- 2 The Audit and Risk Committee recommend the audited Annual Report 2017/18 be referred to Council for adoption.

VIBHUTI CHOPRA
GROUP MANAGER – CORPORATE SERVICES

18 October 2018

Separate Enclosure 1: **Confidential:** Deloitte Report to the Council for the year ended 30 June 2018 (Doc No A411415)

Separate Enclosure 2: Draft Annual Report 2017/18 (Doc No A411376)